FINAL EVALUATION OF
UNDP SEMIPALATINSK PROGRAMME OUTCOMES

Report of external evaluation mission, 8-29 September 2004

including the projects:

KAZ/01/Q04/FF/99
Extension of Small Grants to Non-Government Organisations and Community-Based Organisations in the Semipalatinsk region.

KAZ/01/Q03/FF/99
Business Skills and Support Training for Small Businesses in the Semipalatinsk Region.

KAZ/01/Q05/FF/99
Expanded Micro Credit Support for Women in Semipalatinsk Region.

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## GLOSSARY OF TERMS / ABBREVIATIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Akim</td>
<td>Village/district leader, town/city mayor, provincial governor</td>
</tr>
<tr>
<td>Akimat</td>
<td>Council/Administration (of village, town, city or province)</td>
</tr>
<tr>
<td>Aksakal</td>
<td>Elder</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-Based Organisation</td>
</tr>
<tr>
<td>KZT</td>
<td>Kazakhstan tenge</td>
</tr>
<tr>
<td>Maslikhat</td>
<td>House of elected representatives at district and province level</td>
</tr>
<tr>
<td>Mazhilis</td>
<td>National Parliament</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>Oblast</td>
<td>Province</td>
</tr>
<tr>
<td>PRA</td>
<td>Participatory Rapid Appraisal</td>
</tr>
<tr>
<td>Rayon</td>
<td>District</td>
</tr>
<tr>
<td>Social enterprise</td>
<td>Businesses which are run on commercial principles, but are owned by not- for-profit organisations which use the profits to meet social needs.</td>
</tr>
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</table>
1 EXECUTIVE SUMMARY

1.1 Purpose and context of the evaluation

Two external evaluators carried out a final evaluation in September 2004 of the UNDP Semipalatinsk Programme, which was launched in April 2002 and at the end of 2004 will complete its original planned implementation period. The main objective of the evaluation was to assess the extent to which the programme outcome of alleviating poverty and raising living standards has been achieved among targeted groups in the Semipalatinsk region (women, small-scale entrepreneurs and rural people) through income generation, job creation, and empowerment. The Programme comprises three projects:

- KAZ/01/Q04/FF/99: Extension of Small Grants to Non-Government Organisations (NGOs) and Community-Based Organisations (CBOs) in the Semipalatinsk region (short name used in this evaluation report: Small Grants Project). The main objective of this project is to alleviate social suffering of vulnerable social groups in the target areas of the Semipalatinsk Test Site Territory. This goal was to be achieved through providing local people with opportunities to articulate their needs, start their own sustainable development initiatives, and enhance their implementation capacities, through the provision of small grants to initiative groups in both urban and rural areas.

- KAZ/01/Q03/FF/99: Business Skills and Support Training for Small Businesses in the Semipalatinsk Region (short name: Business Advisory Centre (BAC) Project). The main objective of this project is to promote and support dynamic and efficient SME sector development that contributes increasingly to equitable economic growth, job creation and income generation in Semipalatinsk region. The BAC has been working towards achieving this goal by providing training and advice in areas related to small business start-up, operation and management, among other services.

- KAZ/01/Q05/FF/99: Expanded Micro Credit Support for Women in Semipalatinsk Region (short name: Micro Credit for Women Project). The Microcredit for Women Project is the second phase of a UNDP / Mercy Corps International / Kazakhstan Government micro-lending initiative started in the region in 1997. The project’s main objective is to empower women of the Semipalatinsk region and to alleviate poverty by providing microcredits to entrepreneurs lacking access to traditional sources of financing. For overall welfare purposes as well as entrepreneurship development, its mission is to render economic, social, moral and other forms of support to the people of the Semipalatinsk region.

UNDP chose Semipalatinsk City and the rural areas around the Semipalatinsk nuclear testing zone as the target area for the Programme because of the special health, environmental and social problems generated by forty years of underground and atmospheric nuclear weapons testing, as well as economic depression resulting from closure of the test site in 1991 and the disintegration of supporting industries following the breakup of the Soviet Union.

Upon the request of the Government of Kazakhstan, and following an International Conference on the problems in the Semipalatinsk region in September 1999, UNDP created an open Trust Fund for the Semipalatinsk Relief and Rehabilitation Programme. The Government of Japan was the first donor, contributing $1.1 million to the Trust Fund in April 2001 to support the three Semipalatinsk Programme projects.
1.2 Main findings and conclusions, recommendations and lessons learned

Overall assessment of Programme outcome

Overall, the evaluators conclude that the UNDP Semipalatinsk Programme made substantial progress in achieving the outcome of alleviating poverty and raising living standards among targeted groups in the Semipalatinsk region (women, small-scale entrepreneurs and rural people) through income generation, job creation and empowerment. However, there was considerable variation across the three projects in the degree of success in achieving the outcome. Overall, the Small Grants Project and the Microcredit for Women Project were the most successful; the Business Advisory Centre Project had some success in improving business profitability and availability of finance for small and medium entrepreneurs, but there is no clear evidence that this has significantly alleviated poverty or raised living standards.

Small Grants Project: overall assessment of outcome

Overall, the evaluators consider that the Small Grants Project had significant success in achieving the main outcome of poverty alleviation and raising living standards. A summary assessment follows below.

Ratings of Small Grants Project outcome and other factors

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Poverty alleviation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Raising living standards</td>
<td>Positive change</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Positive change</td>
</tr>
<tr>
<td>Income generation</td>
<td>Unchanged overall, but some small-scale individual successes among grantee projects</td>
</tr>
<tr>
<td>Job creation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Sustainability of progress towards achieving outcome</td>
<td>Unsustainable in current form</td>
</tr>
<tr>
<td>Cost-effectiveness of progress towards achieving outcome</td>
<td>Yes</td>
</tr>
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</table>

A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided in the main body of the report.

Poverty alleviation and raising living standards have taken place or seem likely to take place in most grantee projects, mostly as a result of infrastructure development (especially water supply); or provision of medical services or equipment, and of social services. Most grantee projects will likely have only a medium-term effect on this outcome (2-5 years), although a small number of projects such as pedigree bull breeding or chicken-raising may have a longer-term effect if managed effectively. Income generation, unchanged overall, has mostly been dependent on social enterprises established by the grantee projects, but these enterprises have overall not yet shown much success in generating profits and sustainability is uncertain (although for some it is too early to tell because they are in early stages of implementation). There has been positive change in the area of job creation, with most jobs being created by social enterprises or the renovation / construction of cultural and recreational facilities. Many of these jobs are temporary,
created for the specific purpose of implementing a project (especially construction / renovation activities). However, some are permanent, such as new staff for cultural centres or social enterprises.

There has been positive change in levels of **empowerment**, especially among initiative group members and village and rayon Akims and Akimat staff, but also among beneficiaries of some grantee projects. This has been the result of joint involvement in initiating, planning, mobilising resources for and implementing grantee projects. However, unless there is funding for additional community initiatives to sustain this momentum, there is a risk that the gains in empowerment will gradually fade.

Despite the sustainability of certain grantee projects, and of some of their outcomes, the overall progress towards achieving the outcome in the Semipalatinsk region is **unsustainable** in its current form, as without an ongoing source of funds, initiative groups will find it difficult to initiate further development initiatives; moreover, many initiative groups are in need of additional capacity building in a range of areas to enhance their organisational stability. Without initiatives to mobilise around, it is likely that the people who have been mobilised will gradually lose their cohesiveness and motivation and therefore many outcomes will have less potential for being sustained. The progress towards achieving the outcome is **cost-effective**, as in many cases grantee projects have achieved substantial benefits for large numbers of people with very limited resources, and their impact has been greatly enhanced by voluntary contributions of labour and materials.

**Business Advisory Centre Project: overall assessment of outcome**

The evaluators conclude that, overall, the Business Advisory Centre Project had only limited success in achieving the main outcome of poverty alleviation and raising living standards. Changes in the composition of the project team are largely responsible for this, and the evaluators consider that given more time, the project could still make significant progress towards the outcome. A summary assessment follows below.

**Ratings of Business Advisory Centre Project outcome and other factors**

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty alleviation</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Raising living standards</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Positive change</td>
</tr>
<tr>
<td>Income generation</td>
<td>Unchanged overall, but some individual successes</td>
</tr>
<tr>
<td>Job creation</td>
<td>Unchanged overall, but some individual successes</td>
</tr>
<tr>
<td>Sustainability of progress towards achieving outcome</td>
<td>Too soon to tell</td>
</tr>
<tr>
<td>Cost-effectiveness of progress towards achieving outcome</td>
<td>No</td>
</tr>
</tbody>
</table>

A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided in the main body of the report.

**Poverty alleviation and living standards** remained essentially unchanged as a result of the BAC project, mainly because 1) the first project team was not appropriate for the task, and a lot of time was lost between winding down that team and assembling a new project team; 2) there was too
much concentration on consultations and training for accountants (63% of the BAC’s clientele), who do not make a substantial difference to the overall management of the businesses in which they were employed and therefore the businesses’ growth; and 3) a relatively small number of individual entrepreneurs and managers of enterprises received BAC services, and in general the assistance they received was on a small number of specific issues rather than covering a comprehensive range of topics, and was not over a sufficient duration to make a substantial difference to the growth of their business.

There was positive change in the level of empowerment of BAC clients (mainly accountants but also individual entrepreneurs), especially in terms of dealing with the Tax and Customs authorities, as clients were given the information and advice they needed to defend their interests and avoid penalties and fines. The level of income generation was unchanged overall as a result of BAC outputs as the number of businesses achieving additional income generation was small. However, there were quite a number of cases of businesses obtaining loans for business expansion as a result of assistance with business plan development. There was no real evidence of substantial job creation as a result of BAC assistance to clients; however, the BAC did act as a major facilitator for employers and unemployed people to fill existing vacancies.

It is too soon to tell whether the progress towards achieving the outcomes will be sustainable, as the current BAC team had been working for less than a year as of September 2004, and only in that month started to implement a fee schedule which will partially cost-recover their services. The only way to achieve sustainability of progress towards achieving the outcomes will be to find a means to cover the operating expenses of the BAC past the end of UNDP funding so that it can provide services to clients with the greatest potential to expand their businesses and generate employment.

The progress towards achieving the outcome has not so far been cost-effective, largely due to 1) the difficulties in finding and retaining suitable project staff, which lost time, affected productivity, and resulted in lack of continuity in project activities; 2) the inability to attract enough of the most targeted clients (managers of SMEs), who could have the most impact on achieving the outcome; and 3) the late introduction of charging for services (prior to this, all services were free of charge), which increased operating costs.

**Microcredit for Women Project: overall assessment of outcome**

The evaluators came to the general conclusion that the Microcredit for Women Project had substantial success in achieving the main outcome of poverty alleviation and raising living standards. A summary assessment follows below.

### Ratings of Microcredit for Women Project outcome and other factors

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty alleviation</td>
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<tr>
<td>Income generation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Job creation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Sustainability of progress towards</td>
<td>Sustainable</td>
</tr>
<tr>
<td>achieving outcome</td>
<td></td>
</tr>
</tbody>
</table>
A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided in the main body of the report.

There has been positive change in terms of poverty alleviation and raising living standards as a result of this project, as most Bereke clients’ businesses have increased their turnover (income generation) and become more profitable, making it possible for Bereke clients to better support their families, pay for their children’s education and other services, and improve their homes. With the expansion of Bereke clients’ businesses, there has also been significant job creation for mainly low-income women salespersons.

The sustainability of progress towards achieving the outcome seems assured, as Bereke reached the point of financial self-sufficiency in 2004, being able to cover all operating expenses through interest earned on loans; and the organisation is mostly remaining focussed on serving its main target groups: small-scale (mostly women) entrepreneurs, as well as rural businesses and some farmers (although the provision of consumer loans to civil servants is not in line with the target groups). The cost-effectiveness of progress towards achieving the outcome is good, as a large number of clients, their families and employees benefit from Bereke credits at the same time as the organisation continually builds up its credit fund so that it can serve more clients.

Inter-project partnership within the UNDP Semipalatinsk Programme

In general, no systematic partnership strategy was established between the three projects. Collaboration between the projects was informal and ad hoc, and based on the pressing needs of each of the projects for information, training or advice. The potential for collaboration was perhaps constrained by the selection of different target groups for each project in the Programme.

The evaluators consider that, given that the three projects were intended to be part of an integrated programme, this lack of coordination was inappropriate and reduced the effectiveness of the programme, especially in terms of promoting joint advocacy activities, raising awareness and mobilising additional resources.

Partnership of the UNDP Semipalatinsk Programme with external organisations

The evaluators were unable to identify any systematic partnership strategy that the Programme Management had developed with external organisations. Relationships with external organisations were informal and ad hoc, based on particular needs when implementing activities such as promotional events or organising publicity for the Programme.

The partnership with the City Akimat, the UNDP Programme’s key partner, appears to have been constrained by being concentrated too much on the External Relations Department (this was the formal channel established by the Akimat itself for the relationship). Relationships with the Agriculture Department and SME Committee, key departments with a direct relationship to the three UNDP projects in terms of the programmes they implement, were weakly developed.

Given the focus of the UNDP Semipalatinsk Programme on the whole region around the former nuclear testing zone, stronger relationships also needed to be developed with the Karaganda, Pavlodar and East Kazakhstan oblast Akimats.

Overall, while the evaluators understand the constraints on developing relationships with the Semipalatinsk City Akimat and other oblast Akimats in the region, we believe that these partnerships were potentially vital to ensure the highest likelihood of adoption and continuation of successful poverty alleviation practices developed by the UNDP projects. These partnerships were only weakly developed, if at all, by the UNDP Programme, and were therefore in our view not very effective.

Recommendations/lessons learned for enhancing impact of future donor assistance to the region
UNDP has demonstrated the value and effectiveness of small grants and microcredit for poverty alleviation and raising living standards in the region, and given more time, will likely demonstrate the same in terms of SME business advisory services. There is now the need to share experience and lessons learned with the city and oblast Akimats (through workshops and discussions, preparation of discussion papers, etc) and make efforts to obtain their support for further development of these projects.

Semipalatinsk region has a range of development issues which need to be addressed in order to effectively alleviate poverty and raise living standards. The oblast and city Akimats, in coordination with the Kazakhstan Government, need to develop a clear strategy for addressing these issues, and allocate funds to implement it, which can be supplemented by donors. Special emphasis needs to be placed on assisting the regeneration of rural areas in the region. Donors are now requiring greater political and financial commitment from the Kazakhstan Government before they are ready to commit more funds to the region.

In Semipalatinsk City there seems to be a lack of real consultation and collaboration on the part of the City Akimat with other actors such as NGOs, donors, educational institutions and the private sector to resolve important development issues. This situation needs to be rectified through the development of effective mechanisms for consultation and for joint implementation of targeted development programmes and activities.

It is important to keep local government staff well informed and sensitised as to the aims of the donor intervention, as well as involve them directly in a meaningful way in the project implementation process, in order to enhance the prospects of local government adoption of best practice and provision of financial and human resource support for ongoing project activity.

Sustainability must be made a key objective of donor projects from the very start. A clear, realistic and achievable action plan and timetable for achieving institutional and operational sustainability needs to be established before starting a project, and early and continuous efforts need to be made to implement it, with flexibility for adjustments as necessary.

The evaluators would recommend, where appropriate, the establishment of social enterprises to support future donor projects in the region, which can generate revenue streams to subsidise activities and enhance the sustainability of projects which by their nature generate no or insufficient revenue to be sustainable. (Social enterprises are businesses which are run on commercial principles, but are owned by not-for-profit organisations which use the profits to meet social needs).

The evaluators recommend that before carrying out a project which is focussed on achieving an outcome, a baseline survey must be conducted, and outcome- rather than output-focussed indicators must be established and regularly measured from the beginning of the project and throughout the implementation process. Without doing this, it is not possible to adequately and authoritatively monitor and evaluate the level of achievement of the outcome as a result of project / programme implementation, and to change project implementation approaches in response to the results being achieved.

Key recommendations relating to the projects in the UNDP Semipalatinsk Programme

- **Small Grants Project.** The evaluators recommend that donors support this project for 2-3 more years in order to build on the project’s achievements, and develop a sustainable structure for its continued operation, which includes a sustainable mechanism for funding community initiatives that in the near future will not be reliant on international donors. However, this should only occur on the condition that the Kazakhstan Government or the Semipalatinsk authorities make a commitment to provide a steadily increasing share of grant funds.

- **Business Advisory Centre Project.** The time frame allowed for achieving sustainability was probably too short, especially given the problems arising out of a complete change of project

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1 More specific recommendations are made relating to actual implementation of each project in the main body of the report.
staff. If a realistic and achievable action plan and timetable can be developed for the BAC, the evaluators recommend a further 1-2 years of support for the Business Advisory Centre (now the NGO Kenes), with gradually decreasing financing as the BAC develops alternative income streams (e.g. from leasing).

- **Microcredit for Women Project.** For some clients, insufficient credit and weakly developed or narrow business skills are limiting their ability to expand their business and conduct their business at a higher level of complexity and sophistication. Thus, the evaluators recommend that Bereke do the following:
  - Conduct a **training needs assessment** of their clients on a regular basis.
  - Create **training opportunities for Bereke clients** to attain essential skills in business planning and management, market research, marketing, customer service, tax management, etc, according to clients' individual needs. The BAC should be contracted to provide these services.
  - Provide clients more information and assistance in graduating to second-tier banks or other microfinance services which offer larger loan sums for longer periods.

**Lessons learned**

The main lessons learned from the experience of working towards the outcome of poverty alleviation and raising living standards, which may have general application, are as follows:

1. Projects should probably only be implemented which have a real prospect of sustainability—i.e. there is a high probability of project activities being continued by local authorities, NGOs or other structures, and of funds and other resources being obtained. For continuation to take place, there must be a clear exit strategy, with a specific partner or a sustainable organisational structure to hand over to, and concerted efforts made from an early stage of project implementation to accomplish that strategy.

2. Interventions which directly address the broad, root causes of poverty have a greater impact on the outcome than those which address narrower or more secondary issues. For example, microcredit loans, improvements to water supply, or improvement of cattle breeding stock help beneficiaries to generate more income or household food production and thus meet a range of needs. However, such interventions as the provision of a specific type of medical service, while helping a wide range of people, are too narrow in their scope to address the other causes of poverty of the individuals which they assist. All such interventions are more effective if done in an integrated way in certain targeted geographical areas and populations.

3. Poverty interventions in rural areas can be very effective, as they are in clearly defined communities, have leaders closer to the people and generally more responsive to their needs, and have more potential for community mobilisation than larger population areas. This makes it easier to identify target beneficiaries, obtain accountability for achievement of results, and multiply the impact of inputs through the voluntary contributions of community members. Rural areas also contain a much higher concentration of target beneficiaries (poor people) as a proportion of population than the cities, enhancing the efficiency of interventions. In cities, targeting institutions which provide services to specific vulnerable social groups, if they exist, is an appropriate way of using resources cost-effectively to alleviate poverty and raise living standards among these specific groups. However, such interventions do not have a broad impact on poverty alleviation of the general city population in need, and miss other, non-institutionalised people.

4. To enhance the impact of microcredit projects on their target clients in terms of achieving the outcome of poverty alleviation, adequate training in business planning, management and development should be provided to clients, based on needs assessments.

5. Small grants projects need to include a clear strategy for the continuation of activities to develop the institutional capacity of CBOs once they have been mobilised, and identify sources of funding and other resources which can help to support their poverty alleviation initiatives.
This is important in order to ensure that community mobilisation activities are long-term rather than fleeting phenomena. Local government and the private sector need to be sensitised and lobbied in order that they can become long-term partners for community-based development initiatives.

6. Business advisory services, if targeted at individual entrepreneurs and small enterprises, are generally not sustainable unless subsidisation of these services can be obtained by other means such as providing services for larger enterprises with greater ability to pay and/or developing other revenue streams.
2 INTRODUCTION

Background

The UNDP Semipalatinsk Programme, launched in April 2002, will reach the end of its planned operations by December 2004. Thereafter, the three projects of the programme will function independently or stop. The three projects in the programme are:

- KAZ/01/Q04/FF/99: Extension of Small Grants to Non-Government Organisations (NGOs) and Community-Based Organisations (CBOs) in the Semipalatinsk region (short name used in this evaluation report: Small Grants Project).
- KAZ/01/Q05/FF/99: Expanded Micro Credit Support for Women in Semipalatinsk Region (short name: Micro Credit for Women Project).

Key issues addressed by the evaluation

As part of UNDP’s programme management process, which requires a final evaluation of UNDP programmes and projects, an outcome evaluation was commissioned for the Semipalatinsk programme, the main objective of which was to assess the extent to which the programme outcome of alleviating poverty and raising living standards has been achieved among targeted groups in the Semipalatinsk region (women, small-scale entrepreneurs and rural people) through income generation, job creation, and empowerment.

The evaluation team was requested to identify major findings and recommendations related to:

- Whether or not planned project outcomes have been achieved or, if not, how much progress has been made towards their achievement.
- Whether underlying factors beyond UNDP’s control influenced those outcomes either positively or negatively.
- Whether project outputs and other interventions can be credibly linked to the achievement of the project outcomes.
- Whether the project partnership strategies have been appropriate and effective in terms of building local capacity, expanding collaboration, promoting advocacy, raising awareness and mobilising resources.
- What lessons can be learned from these projects and what best practices, if any, can be identified.

While the main focus of the evaluation was to assess the outcome of the programme and its projects, it also aimed to generate lessons learned and recommendations for further development of some programme aspects which have potential for continuation, and for other similar existing or potential UNDP programmes and projects. The evaluation team was also asked to include recommendations on how to enhance the impact of future donor assistance to the region, identifying possible areas of UNDP involvement.

Definitions of terminology

In order to be clear about what is being assessed in this evaluation, we should define a number of terms:
• Poverty

UNDP Kazakhstan has defined poverty as follows:

A human condition characterised by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights. *(Poverty in Kazakhstan: Causes and Cures, UNDP Report).*

If we accept this definition, poverty alleviation is the mitigation of this human condition. The evaluation terms of reference focus on the tools for alleviating poverty and raising living standards as being income generation, job creation and empowerment. The evaluators have chosen to analyse empowerment as an outcome rather than simply as a secondary tool for poverty alleviation, because we feel that empowerment is an important outcome in itself, and key to the achievement of sustainable poverty alleviation.

• Living standards

UNDP Kazakhstan has suggested that the evaluators use the following definition of Living Standards:

*A level of consumption of material and non-material resources in accordance with historically defined social consumption norms.*

Raising living standards, therefore, entails enabling people to consume material and non-material resources at a rate greater than historically defined social consumption norms. The evaluators understand non-material resources to include such things as public and natural amenities, education and health services, participation in social, cultural, political and economic life. These are as important as more material aspects of living standards such as the standard of accommodation, the level of provision of utilities, income levels, etc.

• Empowerment

The evaluators believe that empowerment in the context of the Semipalatinsk Programme means building people’s knowledge and skills, and equipping them materially, to the point that they can identify their needs and find solutions to satisfy them, either individually or with others, relying more on themselves rather than on people in positions of authority. This process should emphasise people’s personal growth, so that they become more confident and skilled at making decisions, planning, building social networks, mobilising resources, and implementing their own solutions.

Evaluation methodology

The evaluation team consisted of two external consultants (an international evaluator and a Kazakhstani evaluator). Both evaluators are fluent in Russian and English.

Prior to the in-country evaluation team mission, a survey was conducted by the research agency Sange to provide supporting data to the evaluators, concentrating on how project activities had affected the lives of beneficiaries in terms of achieving the outcomes being evaluated.

A qualitative approach was selected for the Sange survey. The research consisted of semi-structured individual interviews and one group discussion, mainly with a broadly representative sample of project beneficiaries but also including a number of non-beneficiaries of the projects. In all, around 100 respondents were surveyed. For more information on the Sange survey and its results, copies of the Sange report (in Russian) may be obtained from the UNDP Kazakhstan Poverty Unit.
The evaluation mission itself consisted of two and a half working days in Almaty for conducting individual interviews with UNDP Programme Management, relevant key donor agencies based in Kazakhstan, microfinance organisations, and other stakeholders. Eleven working days were spent in Semipalatinsk region, during which the evaluators conducted many individual interviews and group discussions with project staff, beneficiaries, partners, competitors, local authorities and other organs. Three days were spent visiting Small Grants Project sites in rural areas around the former nuclear testing zone.² Specific questionnaires were prepared for each project and each interview. The preliminary findings of the evaluation team were presented to and discussed with representatives of UNDP, Bereke, and the Japanese Embassy at a stakeholder meeting at the end of the mission.

Constraints on the evaluation process

Since each project document in the Semipalatinsk Programme provided indicators (“success criteria”) focused on the measurement of outputs rather than outcomes, there were no original criteria for measuring outcomes. These criteria were only identified later in the Terms of Reference for the evaluation mission. No baseline study was done, before Programme implementation began, on the general socioeconomic situation in the Semipalatinsk region or that of the projects’ target beneficiaries. No systematic monitoring was conducted of changes in project beneficiaries’ level of poverty, living standards or empowerment, although Annual Progress Reports and field visits did assess the delivery of outputs in accordance with the original objectives of each project.

Another factor which further complicated the task of the evaluators was that there was no clear definition of what constitutes poverty alleviation, raising living standards or empowerment in the context of the projects implemented. We have attempted to define these ourselves.

The Sange survey had insufficient budget available to allow a statistically reliable quantitative survey to be conducted of project beneficiaries’ change in socioeconomic status or empowerment; therefore the number of respondents was limited and a qualitative approach was chosen for the survey instead.

Due to the short time available to the evaluators, it was not possible to conduct large-scale quantitative and qualitative research, so the evaluation was very reliant on the opinions and assessments of individual respondents, which made the data quite subjective. However, the evaluators are satisfied that they managed to interview a sufficient cross-section of respondents to identify common themes and trends, and also to broadly verify the Sange survey findings.

Report structure and contents

This Evaluation Report consists of six main sections, plus annexes:

1. Executive Summary. This section explains the context and purpose of this programme outcome evaluation, and gives a short description of the main findings and conclusions, recommendations and lessons learned.

2. Introduction. Here, the reasons and purpose for selecting this programme outcome for evaluation are described, as well as the products of the evaluation, the key issues it addresses, and the methodology used to conduct it. The terms poverty alleviation, raising living standards and empowerment are defined in the context of the Semipalatinsk Programme, to assist interpretation of the analysis of the outcome which follows.

3. The Development Context. This section contains a brief overview of the Semipalatinsk Programme and its project components, an overview of key partners for achieving the outcome, the main stakeholders, and the expected beneficiaries. A description of the general

² Please see Annex 7.2 for a list of persons and groups interviewed during the evaluation mission.
socioeconomic situation in Semipalatinsk and an overview of specific services available in fields focused on by the Semipalatinsk Programme are also presented in this section.

4. **Findings and Conclusions.** For each project in turn, this section rates achievement of the outcome; and analyses the status of the outcome, the factors affecting the outcome, the influence of project outputs and other factors on the outcome, and the UNDP partnership strategy. There is also a section dealing with the UNDP partnership strategy for the Programme as a whole.

5. **Recommendations.** This section makes recommendations and presents some lessons learned for enhancing the impact of future donor assistance to the region, comments on the possibilities for replication in other regions of Kazakhstan, and makes specific recommendations regarding how to better ensure the impact of the three UNDP projects on the outcome.

6. **Lessons Learned.** This section outlines the key lessons that can be drawn from the efforts to achieve the programme outcome through the three Semipalatinsk projects. It also highlights best practice from the three projects.

7. **Annexes.** These include the Terms of Reference for the evaluation, and a List of Interviewees.
3 THE DEVELOPMENT CONTEXT

3.1 Overview of the Semipalatinsk Programme and its project components

The activities of the Semipalatinsk Nuclear Test Site in Semipalatinsk region for forty years had an immense impact on people's lives. As a result of over 400 underground and atmospheric explosions, the region faces numerous health and environmental problems. With the closure of the Test Site in 1991 and the breakup of the Soviet Union, the supporting industries associated with the Test Site also disintegrated, and many jobs were lost. The difficult economic situation in the Semipalatinsk region was further exacerbated by the loss of Oblast Centre status, and therefore substantial funds, when Semipalatinsk Oblast merged with East Kazakhstan Oblast in 1997.

The General Assembly recognised the seriousness of the situation in the Semipalatinsk region and adopted three resolutions in 1997, 1998 and 2000 which called upon the international community to contribute to the human and ecological rehabilitation, and economic development, of the Semipalatinsk region. On 6-7 September 1999, an International Conference on the problems in the Semipalatinsk region was held in Tokyo. As a result of the conference a range of international organisations and donor governments pledged $20 million in financial assistance to implement the Semipalatinsk Region Rehabilitation Programme, developed by the Government of Kazakhstan with assistance from UNDP. The rehabilitation programme included 38 impact-oriented actions for relief and rehabilitation in five areas of concern: health; environment and ecology; economic recovery; humanitarian issues; and information and advocacy. While pledges of some donors were met and programmes implemented, pledges of many other donors have never been received.

Upon the request of the Government of Kazakhstan, UNDP created an open Trust Fund for the Semipalatinsk Relief and Rehabilitation Programme. The Government of Japan was the first donor, contributing $1.1 million to the Trust Fund in April 2001. This funding was provided to support the three Semipalatinsk Programme projects.

The Small Grants and Business Advisory Centre Projects were launched in April 2002, with budgets of $300,000 each. The pilot project Status and Economic Advancement of Women in Kazakhstan, implemented successfully by Mercy Corps International and UNDP in cooperation with the Kazakhstan Government since 1997, was in 2002 made an integral project of the UNDP Semipalatinsk Programme, in a new phase titled Expanded Micro-Credit Support for Women in Semipalatinsk Region (in this report referred to as the Microcredit for Women Project) and allocated a budget of $545,000.

Below is a brief overview of the objectives, beneficiaries and partners of each project in the UNDP Semipalatinsk Programme. Each project aimed to tackle different aspects of the stressed socioeconomic situation in the region, in order to improve the local economy and thus alleviate poverty, and promote the development of social capital, enhancing the prospects for communities and social groups to help themselves. The Small Grants Project focused on the problem of collapsed social services and community disintegration, while the Microcredit for Women and Business Advisory Centre projects concentrated on widespread unemployment and an underdeveloped SME sector. Some interlinkages between the projects were envisaged, especially between the Business Advisory Centre and Microcredit for Women projects, whereby the BAC could provide business training for starting entrepreneurs, and the Microcredit project could help to provide credit for SMEs referring to the BAC for training and advice. It was also envisaged that some initiative groups from the Small Grants Project might be able to get business advice or credit from the other two UNDP projects in order to develop social enterprises.

Small Grants Project

The main objective of this project is to alleviate social suffering of vulnerable social groups in the target areas of the Semipalatinsk Test Site Territory. This goal was to be achieved through providing local people with opportunities to articulate their needs, start their own sustainable
development initiatives, and enhance their implementation capacities. This is acceptable as a close proxy for the outcome of poverty alleviation, raising living standards and empowerment, except that "alleviation of social suffering" can be short-term, while poverty alleviation must be long-term, by definition.

Direct beneficiaries of grant projects were to be initiative groups and their target beneficiaries, such as vulnerable social groups in Semipalatinsk City and rural areas around the former nuclear testing zone such as people with disabilities, institutionalised adults and children, poor families with five or more children, women of childbearing age, homeless people, and prisoners. The Small Grants Project also aimed to benefit rayon and village Akimats by sharing community mobilisation skills and raising Akims’ authority in the community as a result of grant project implementation.

It was intended to promote the establishment of networks of NGOs/CBOs to facilitate an enabling environment for further strengthening of civil society in the region. Partnership between the local government and NGOs/CBOs was to be sought to enhance social assistance to vulnerable social groups. In actuality, among the key partners of the Small Grants Project are: NGO support organisations, such as IRIS and DECENTA, which provide advice to initiative groups on project development, assist with NGO registration, and conduct some monitoring of grant projects; and rayon and village Akimats, which help organise community meetings, mobilise local resources, and are actively involved in grant projects’ implementation.

**Business Advisory Centre Project**

*Note: The Business Advisory Centre under the project “Business Skills and Support Training for Small Businesses in Semipalatinsk Region” was registered as the public foundation Regional Financial Analysis Centre “Kenes” in August 2004.*

The main objective of the Business Advisory Centre (BAC) project is to promote and support dynamic and efficient SME sector development that contributes increasingly to equitable economic growth, job creation and income generation in Semipalatinsk region. The BAC has been working towards achieving this goal by providing advice in areas related to small business start-up, operation and management; information dissemination, including information related to opportunities for partnership and commercial links with companies, local or foreign; and training on topics of interest to SMEs, according to demand.

It was expected that the way in which the project would contribute to this objective and achieve the outcome of alleviating poverty and raising living standards would be that entrepreneurs using the BAC’s services would establish new businesses or expand existing ones, improve the quality of their goods and services, and create employment opportunities for others. It was also expected that local government organisations involved in SME support would gain a better understanding of SME needs as a result of participation in training courses and seminars, and would improve their programmes accordingly.

The key beneficiaries of the project are small and medium enterprises, especially their accountants, individual entrepreneurs and starting entrepreneurs from Semipalatinsk City and the rural areas, as well as unemployed people. Among other indirect beneficiaries are the two other projects of UNDP Semipalatinsk Programme, the SME Committee at the City Akimat, and the Tax Committee and Customs Department, whose clients use the BAC’s services. By promoting SME development, the project is intended to contribute to the economic development of the city and rural areas, benefiting the whole community.

Major partners of the Business Advisory Centre are the Semipalatinsk branch of the SME Workers Union / Zhastar business incubator; Tax Committee and Customs Department; and the City Employment Centre. The partnership between the Business Advisory Centre and these organisations mostly involves information sharing and mutual participation in trainings and meetings.
Micro Credit for Women project

*Note: the Microcredit for Women Project was registered as the public foundation “Bereke” in May 2003.

The Microcredit for Women Project (now Bereke) is the second phase of a UNDP / Mercy Corps International / Kazakhstan Government micro-lending initiative started in the region in 1997. The project’s main objective is to empower women of the Semipalatinsk region and to alleviate poverty by providing microcredits to entrepreneurs lacking access to traditional sources of financing. For overall welfare purposes as well as entrepreneurship development, its mission is to render economic, social, moral and other forms of support to the people of the Semipalatinsk region.

Bereke’s primary target beneficiaries, according to the project document, are low-income groups of women seeking self-employment in micro-entrepreneurship. Recently, the project expanded its target group to include male entrepreneurs. By creating opportunities for income generation and economic development, the project benefits the general population.

Bereke operates mostly independently. Its key partners are CentreCredit Bank, which is responsible for actual loan disbursement; the Kazakhstan Loan Fund, providing training for the project staff; and the Business Advisory Centre, providing some services for microcredit clients. Bereke is also a member of the Association of Microcredit Organisations, which organises conferences for microfinance institutions and lobbies for favourable legislation and government programmes to facilitate the work of microcredit institutions.

Programme stakeholders

Stakeholders of the UNDP Semipalatinsk Programme include UNDP Kazakhstan, the Japanese Embassy, and the Kazakhstan Government (including Semipalatinsk City Akimat, Ust-Kamenogorsk, Pavlodar and Karaganda oblast Akimats).

3.2 General socioeconomic situation in the Semipalatinsk region

Semipalatinsk City

Overall, the socioeconomic situation in Semipalatinsk City has gradually improved over the last three years (the UNDP Semipalatinsk Programme implementation period). The city population is slowly growing: from 295,200 in 2001 to 297,400 in 2004, mostly due to migration from rural areas.

Small and medium enterprises have increased in number, generating employment. As of the beginning of 2004, some 3840 enterprises were registered in Semipalatinsk, 89.7% of which are private enterprises, and 93% of the total number, small enterprises. The major focus of SMEs is small trading, mainly based on importing goods from China and Russia. Since the beginning of 2004, retail trade generated around KZT 18 million, which is 9.5% higher than during the same period in 2003.

According to the official statistics, there has been 10-12% growth in production since 1997 (including production by SMEs). Production in 2003 was worth KZT 24 billion, one billion of which was produced by SMEs. Some small-scale manufacturing is starting to appear. 69% of production is manufacturing (including 10-12% by SMEs), 10% is ore mining, and 21% is electricity and gas production.

The number of registered unemployed was 4655 as of August 2004, including 1173 people from rural areas around Semipalatinsk. This is an 11.2% decrease from 2003 levels. 66.5% of unemployed people are women; every sixth unemployed woman lives in a rural area. Wages have increased from an average of KZT 6,800 in 1996 to KZT 19,100 in 2004. However, the number of people employed in the formal sector has dropped from 88,000 in 1996 to 63,100 in 2004. Despite the official figures, unemployment and underemployment are still significant. A large section of the population are self-employed, working as traders at markets (there are 32 markets in Semipalatinsk). Market trading is considered to be part of the informal sector, since the traders are not registered as entrepreneurs and it is difficult to track their number. Many people are not
employed according to their qualifications, and there is a mismatch of qualifications to job requirements.

City infrastructure has improved, such as roads, parks and gardens; unfinished building projects are being completed, and renovation of old buildings is taking place. More cafes, restaurants and recreational facilities have appeared. However, utility provision in the city is still poor, and there is still a need to improve and maintain roads.

Health problems remain serious, and health infrastructure is inadequate. Vulnerable social groups such as disabled, pensioners, orphans, etc, are receiving inadequate social welfare support and social services, and lack opportunities to generate income.

**Rural areas**

Unfortunately, the evaluators did not obtain statistics on the socioeconomic situation of people in rural areas, however some general patterns are as follows.

There is a constant outflow of people from the rural areas to the cities, mostly the young and educated. The rural population experiences serious health problems due to radiation and the general socioeconomic situation. There is a high suicide rate, especially among youth. Village infrastructure has seriously deteriorated. Villages are isolated and very widely dispersed, and in many cases lack telecommunications, although most have electricity. Many people are self-employed, engaged in cattle or sheep-raising and/or subsistence homestead food production for survival. A large proportion of the rural population are on (minimal) social welfare benefits.

**3.3 Level of development and services available in the Semipalatinsk region in the fields of work focussed on by the UNDP Semipalatinsk Programme**

**Level of NGO/CBO/civil society development**

In Semipalatinsk region, of about 40 registered NGOs, only around 10 were active when the UNDP Semipalatinsk Programme started, although now there are a few more. The main factor hindering their development is the lack of funding sources for their activities. The Government's Programme of State Support to NGOs for 2003-2005 has not yet had any significant impact on NGOs in the Semipalatinsk region. The Law On State Social Contracting is still awaiting review by the national parliament (this is scheduled for 2005), so as yet there is no legal mechanism for government agencies to fund social projects implemented by NGOs. As for the private sector, businessmen in Semipalatinsk often make ad hoc donations to people seeking assistance, but have not given much thought to providing funds to NGOs—as there is no law on charity, there is no tax incentive for businesses to make charitable donations.

The evaluators do not have specific data on the number and type of CBOs operating in rural areas when the UNDP Semipalatinsk Programme began, but interviews conducted in rural areas indicate that there were few, mainly consisting of Veterans Councils, Womens Councils, Elders Councils, parent-teacher associations, and a small number of sporting, cultural or religious groups. The evaluators also have no data on CBOs existing in Semipalatinsk City at programme start time, but we surmise based on what exists now that there would have been a similar range of organisations to that in rural areas, plus a number of groupings that provide services for disabled people, pensioners, or orphans, etc (although institutions for such social groups received state funds, these were not sufficient, forcing people to try to support these activities through seeking charitable donations mainly from businessmen).

Political parties are active, and Semipalatinsk is well known as a centre for opposition parties. There have at times been vocal demonstrations on various issues in Semipalatinsk, revealing potential for social mobilisation.
Community mobilisation services

There are several NGO support organisations working in the area around the former nuclear testing site. IRIS works with rural communities in the Semipalatinsk region, helping initiative groups to establish NGOs and providing training advice on organisational and institutional development to NGOs and community groups. It also implements monitoring, evaluation and community needs assessments for groups and organisations. There is a Civil Society Support Centre (CSSC) at IRIS funded by Counterpart Consortium, which also manages Counterpart’s regional community grants project. However, Counterpart’s assistance to community-based organisations now focuses on advocacy—lobbying and awareness raising. Counterpart no longer supports general community projects aiming to solve basic social or economic issues. Its grants budget for community advocacy projects in Kazakhstan is only $30,000 per year. IRIS is also a regional coordinator of Counterpart’s Healthy Communities Grant Programme. According to the Counterpart website, the goals of the Healthy Communities Grant Programme are to empower NGOs, CBOs and community groups to implement projects that will either impact the health status of the population or increase their awareness of certain health topics through community mobilisation and education projects; to foster links between the community and primary health care workers and facilities; and support projects with a sustainable strategy for community involvement and maintenance of the project proposed.

The NGO support and consulting centre Zubr is located in Ust-Kamenogorsk and operates in East-Kazakhstan Oblast. DECENTA operates in Pavlodar Oblast from Pavlodar, including the rural areas around the former nuclear testing site. EcoCentre is also a civil society support centre in Karaganda that works in Karaganda Oblast and focuses on the area around the former nuclear testing zone.

Apart from these service NGOs, the External Relations Department at the Semipalatinsk City Akimat has a role in assisting NGOs and CBOs. Department staff refer community groupings or individuals needing advice on how to mobilise themselves to the Small Grants Project and to IRIS. The Department also organises monthly meetings with NGOs to discuss priority issues and exchange information. The Akimat sometimes helps NGOs by providing transportation for special events, and helping to coordinate the activities of organisations for these special events.

Based on interviews with key donors, and with project staff and organisations in Semipalatinsk, there is no evidence of other donor assistance in the area with a geographical focus on the Semipalatinsk region and thematic focus on poverty alleviation and community mobilisation, with the exception of Japanese aid to the health sector, mainly in terms of technical expertise and medical equipment.

Rural development: the state Aul Programme

The 3-year State Aul Programme, focusing on economic development in rural areas, has been operating in the Semipalatinsk region for almost two years. The Programme consists of two parts: Agricultural Production and Rural Territorial Development. Rural Territorial Development is further divided into four parts: water and health, education, sport and culture and roads. Each oblast and region has its own programme. The top priority of the Semipalatinsk-based programme, according to the City Akimat Agriculture Department, is supporting farm production (especially of livestock). In 2003 the East Kazakhstan Oblast Akimat allocated KZT 17 million to the Semipalatinsk Aul programme, and KZT 32 million came from the Semipalatinsk City Akimat. The City Akimat Department of Agriculture provides three-year, low-interest (8-10%) loans to farmers; in 2003 the Department provided loans to 22 farmers.

A reasonable number of community members interviewed by the evaluators in rural areas indicated that they knew about the existence of the Aul Programme, but few could list any of its activities in their villages. The effectiveness of the Aul Programme is hampered by its exclusive focus on economic development and lack of consideration of social factors which contribute to rural development. The Ministry of Agriculture realises the necessity of including social projects in the Programme, and is seeking technical assistance in this area.
Support to the unemployed

The City Employment Centre provides advice on job opportunities to the unemployed, organises and sponsors internships at different enterprises for youth to acquire practical skills, provides subsidies to employers to hire job seekers, sponsors social workers’ employment at NGOs and social government institutions. It has also established a Job Seekers Club to motivate and assist people to look for a job.

Level of development of SMEs in the Semipalatinsk region

The SME sector is playing an increasingly important role in promoting economic growth and reducing unemployment in the Semipalatinsk region. The majority of SMEs in Semipalatinsk City are involved in small-scale trading of basic products such as food and clothing. Small-scale manufacturing of products such as construction materials and furniture is also starting to develop. There are 6078 registered individual entrepreneurs and 3840 registered businesses—mostly SMEs—in the Semipalatinsk region. SMEs provide more than 30,000 jobs. The monthly salary range among SMEs is KZT 6000-12,000.

However, the SME sector in the Semipalatinsk region, as in other regions of Kazakhstan, faces a number of obstacles on its way to further development, such as: inadequate legislation and regulations related to business registration, taxation and financial reporting; constant changes in the legislation related to entrepreneurship; lack of partnership/collaboration between small and medium businesses; lack of education in the field of business management; lack of information on market development and business networks; inadequate technology and institutional support; not easily accessible loan opportunities (interest rates at 20-30%, short periods of lending of only 1-2 years, high collateral and guarantee requirements, bureaucratic procedures in preparation of loan applications to banks, etc).

SME support and development services

The Semipalatinsk City Akimat is assigned by the Government to promote the SME sector in its region, with the aim of stimulating economic growth and job creation. The main organ responsible for this task is the Committee for Small and Medium Enterprises and Trade (in this report referred to as the “SME Committee”). The main areas of work of the SME Committee are 1) providing low-interest credit for existing enterprises to expand their business, especially manufacturing enterprises; 2) providing basic information on how to start a business, referring entrepreneurs to the Tax Committee, Customs Department, BAC or other organisations for explanation of regulations and laws; 3) organising tenders for state purchasing; 4) providing support to entrepreneurs to participate in trade fairs; and 5) helping to develop contacts with other enterprises abroad. The SME Committee provides loans from the City Akimat budget at low interest rates starting at 7%. However the loan period is only 12 months, and the procedure for loan disbursement is bureaucratic. By the time a loan is approved a borrower has only 8-10 months to pay back the loan. The SME Committee does not have much technical knowledge of business management issues, and is not able to provide training or detailed advice to entrepreneurs.

There are five consulting and audit firms operating in Semipalatinsk, but only big companies can afford their services (e.g. one hour of consulting costs about 2000 KZT).

The Semipalatinsk City Tax Committee provides consultations on tax regulations, but their consultations are often followed by an inspection aiming to fine the client organisation.

Zhastar Business Incubator/ SME Workers Union. These organisations are run by the same person in Semipalatinsk and their activities somewhat overlap. The Business Incubator rents out offices to 22 small enterprises, organises fee-based vocational trainings and accounting courses, and provides advice to SMEs. The SME Workers Union helps to lobby the interests of SMEs at the oblast and national level, provides legal representation and/or advice for businesses subject to law suits, and provides updates on legislation and other regulations affecting SMEs.

The Aspan Association of Entrepreneurs serves only big companies, not SMEs. It sometimes invites regulatory organs to explain regulations to entrepreneurs.
The **Asian Credit Fund** has a branch in Semipalatinsk. The branch provides specific consultations on financial analysis and business management to its clients. Its loans range in size from $300 to $25,000, at annual interest rates of 12-28%. There is a collateral requirement in the form of real estate. The branch office operates only in Semipalatinsk City. 75% of the ACF’s clients are women entrepreneurs, mostly engaged in trading. ACF has a social programme, which includes humanitarian assistance to schools, organising paid internships at client companies, and scholarships.

The **EBRD Kazakhstan Small Business Programme** also operates in Semipalatinsk. Loans require collateral, such as real estate. Loans are provided through second-tier banks and range between $100 and $200,000, with interest rates of 16-33%, for a period of 3 to 48 months. Some 80% of EBRD clients are small- to medium-size traders. Some former Bereke clients receive individual loans from this programme. EBRD credit specialists help their clients to develop business plans and give other specific consultations free of charge. Currently there are no loans for starting entrepreneurs (3 months or more of business experience is required) but it is planned to provide these in future.

Another source of credit available to SMEs in Semipalatinsk is the **Small Business Development Fund**. This Fund, which has been operating in Kazakhstan for seven years already with the support of the European Bank of Reconstruction and Development and the Asian Development Bank, has in the last two years developed a network of twelve oblast branch offices and five representative offices, including one in Semipalatinsk. This representative office had, as of July 2004, financed four projects worth KZT 40 million. The Kazakhstan Government recently contributed KZT 300 million to the Small Business Development Fund, KZT 150 million of which was earmarked for women entrepreneurs. State money is also provided to the Fund through the Small Cities Programme (KZT 1.5 billion is earmarked for 2004-2006). The size of loan ranges from KZT 300,000 to 5 million, interest rates are 10–12%, and the loan period is up to five years. Farmers may also borrow from this fund.

**Conclusions: relevance of UNDP Semipalatinsk Programme projects**

**Small Grants Project.** Existing community mobilisation services are reaching most NGOs (especially in the city), but are only serving a limited number of CBOs in selected areas. These services concentrate on institutional strengthening. They are hampered by a lack of funds to provide a stimulus for community initiatives. The Small Grants Project fills an appropriate niche by creating the initial stimulus for mobilisation of initiative groups, supported by grant funds; and by promoting a participatory community consultation and project implementation approach. The Small Grants Project augments the activities of the Aul Programme by concentrating on rural areas, and the social aspects of development which are largely neglected by the Aul Programme.

**Business Advisory Centre.** In general, existing organisations providing business advice to SMEs in the Semipalatinsk region have their own market niches in terms of the clients they serve. For example, the BAC and Zhastar Business Incubator/SME Workers Union work in different geographical areas of the city and provide different types of services (primarily tax and accounting training and consultations versus vocational training and legal advice). Other consulting and auditing firms serve mostly big companies, which can afford expensive services. The BAC serves mostly individual and small entrepreneurs which cannot afford business advisory services provided by competitors. It also helps to augment the work of the Employment Centre by introducing new approaches to job seeking.

**The Microcredit for Women Project (Bereke)** occupies an appropriate niche in the market through its provision of small, short-term loans to starting and small-scale entrepreneurs, mainly women. There is some competition between Bereke and the EBRD Project, but since the two have different loan types / amounts / interest rates / loan periods and lending requirements (group vs. individual, non-collateral vs. collateral) this is healthy competition with minimal duplication of services.
4 FINDINGS AND CONCLUSIONS

4.1 Overall assessment of Programme outcome

Overall, the evaluators conclude that the UNDP Semipalatinsk Programme made substantial progress in achieving the outcome of alleviating poverty and raising living standards among targeted groups in the Semipalatinsk region (women, small-scale entrepreneurs and rural people) through income generation, job creation and empowerment. However, there was considerable variation across the three projects in the degree of success in achieving the outcome. Overall, the Small Grants Project and the Microcredit for Women Project were the most successful; the Business Advisory Centre Project had some success in improving business profitability and availability of finance for small and medium entrepreneurs, but there is no clear evidence that this has significantly alleviated poverty or raised living standards.

4.2 Small Grants Project

4.2.1 Overall assessment of outcome

The evaluators’ overall assessment of the key outcomes and other standard factors assessed by UNDP are presented in Table 1.

Table 1: Assessment of Small Grants Project outcome and other factors

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
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<tbody>
<tr>
<td>Poverty alleviation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Raising living standards</td>
<td>Positive change</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Positive change</td>
</tr>
<tr>
<td>Income generation</td>
<td>Unchanged overall, but some small-scale individual successes among grantee projects</td>
</tr>
<tr>
<td>Job creation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Sustainability of progress towards achieving outcome</td>
<td>Unsustainable in current form</td>
</tr>
<tr>
<td>Cost-effectiveness of progress towards achieving outcome</td>
<td>Yes</td>
</tr>
</tbody>
</table>

A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided later in this section of the report.

Poverty alleviation and raising living standards have taken place or seem likely to take place in most grantee projects, mostly as a result of infrastructure development (especially water supply); or provision of medical services or equipment, and of social services. Most grantee projects will likely have only a medium-term effect on this outcome (2-5 years), although a small number of projects such as pedigree bull breeding or chicken-raising may have a longer-term effect if managed effectively. Income generation, unchanged overall, has mostly been dependent on social enterprises established by the grantee projects, but these enterprises have overall not yet shown much success in generating profits and sustainability is uncertain (although for some it is too early to tell because they are in early stages of implementation). There has been positive change in the area of job creation, with most jobs being created by social enterprises or the
renovation / construction of cultural and recreational facilities. Many of these jobs are temporary, created for the specific purpose of implementing a project (especially construction / renovation activities). However, some are permanent, such as new staff for cultural centres or social enterprises.

There has been positive change in levels of empowerment, especially among initiative group members and village and rayon Akims and Akimat staff, but also among beneficiaries of some grantee projects. This has been the result of joint involvement in initiating, planning, mobilising resources for and implementing grantee projects. However, unless there is funding for additional community initiatives to sustain this momentum, there is a risk that the gains in empowerment will gradually fade.

Despite the sustainability of certain grantee projects, and of some of their outcomes, the overall progress towards achieving the outcome in the Semipalatinsk region is unsustainable in its current form, as without an ongoing source of funds, initiative groups will find it difficult to initiate further development initiatives; moreover, many initiative groups are in need of additional capacity building in a range of areas to enhance their organisational stability. Without initiatives to mobilise around, it is likely that the people who have been mobilised will gradually lose their cohesiveness and motivation and therefore many outcomes will have less potential for being sustained. The progress towards achieving the outcome is cost-effective, as in many cases grantee projects have achieved substantial benefits for large numbers of people with very limited resources, and their impact has been greatly enhanced by voluntary contributions of labour and materials.

4.2.2 Main analysis

4.2.2.1 General overview of Small Grants Project

The Small Grants Project successfully mobilised many communities to conduct Participatory Rapid Appraisals (PRAs) of their priority needs, to form initiative groups, and to generate project ideas. Around 2550 people became members of initiative groups. 365 projects were submitted, and 149 projects were considered by the Grant Committee, of which 103 projects had been approved as of September 2004, implemented by a total of 81 initiative groups and 16 NGOs. Projects are being implemented in 50 out of a total of 178 communities in the project area, which in the view of the evaluators is a quite successful result indicating a wide impact. There are around 48 initiative groups which the Small Grants Project Manager believes will continue their activities after UNDP grants are no longer available.

4.2.2.2 Alleviating poverty and raising living standards

It is impossible to obtain hard data on changes over the duration of the Small Grants Project in the level of poverty and living standards of target groups, because the target beneficiaries for this project were defined very broadly, in terms of their belonging to certain vulnerable population groups3 (among others), and their residence in a substantial number of rural rayons (districts) of the Semipalatinsk Test Site Territory. In addition, this project never established baseline socioeconomic data for its target beneficiaries. Such data would in fact have been very difficult to obtain, in any case, because it was not possible to predict what kinds of community initiatives would be awarded grants, and where—the grants consideration process was competitive and grants were awarded on the individual merits of each project proposal.

Bearing these factors in mind, the evaluators sought to obtain indicative information on changes in poverty levels and living standards of target groups by interviewing Small Grants Project staff, NGO partners, grantees and beneficiaries, and exploring their perceptions of change. In addition, the research agency Sange interviewed 37 individuals, of which most were rural members of

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3 The vulnerable groups included: disabled adults, children and their families; isolated elderly pensioners; institutionalised adults and children; orphans living with foster families; poor families with five or more children; single female-headed households; women of childbearing age; adolescents of both sexes; street children and homeless adults; prisoners and ex-prisoners.
initiative groups or NGOs who received grants, some were from village and rayon Akimats, some were non-recipients of grants, and a small number were beneficiaries of Small Grants Projects.

Most respondents in the Sange survey said that their quality of life had improved in the last few years, on average by about 20 percent. They also felt that the lives of people in their community as a whole had improved overall. Respondents said that the main indicators of improvement were improved infrastructure, more employment, better budget support from the Oblast, increases in wages and pensions. Respondents did not directly mention that the improvement in the quality of their lives was due to grant projects implemented in their communities. However, given that in many communities infrastructure was developed and jobs were created by grant projects (which were indicators that respondents mentioned), it can be assumed that grant projects contributed to some degree.

No systematic analysis has been conducted by the Small Grants Project of the number of beneficiaries of grant projects, which makes it difficult for the evaluators to assess the impact of these initiatives. However, the Sange survey obtained an estimate by respondents of the number of beneficiaries of a selection of 22 grant projects, which showed an even spread of around a quarter of respondents each, mentioning the following ranges: up to 200 people; from 200-600 people; from 600-7000; and the whole village or town. Confirmation of this general picture was obtained through the evaluators’ observations of nine grant projects—the number of direct beneficiaries ranged from 12 persons in the case of a sewing workshop in Semipalatinsk City, to around 900 persons in the case of a water supply project in Egindybulak (see Case Study 1), with a wide range in between. There are in many cases a lot of indirect beneficiaries as well.

**CASE STUDY 1**

**Water supply project, Egindybulak, Karaganda Oblast**

**Aknet Initiative Group**

**Group Leader: Mamilya Nasharbayeva**

This project was initiated to provide residents of Egindybulak township with clean water through the renovation of the town water supply. The old water system was dilapidated and many bores and hand-pumps were out of order, leaving many residents without easy access to water.

The initiative group leader, Mamilya, is a schoolteacher and chairs the Womens Committee at the Akimat (town council). She learned about the Small Grants Project from an advertisement in a local newspaper, and suggested to the Akimat the idea to prepare a grant proposal to upgrade the town water supply. The Akimat announced a community meeting over the local radio to discuss project ideas. Thirty or forty people—mostly pensioners—attended the meeting. Several ideas were suggested by community members for small grant projects, such as construction of a recreation centre, purchasing of pedigree bulls, etc. But Mamilya persuaded meeting participants that the water project should come first. Eight initiative group members were chosen at the meeting, including three pensioners, two teachers, an engineer, a doctor and one unemployed person.

Aknet initiative group studied the town map and decided which areas most needed water wells. Then the group members, with the help of an Akimat specialist, drafted a project proposal in Kazakh. The Small Grants Project staff gave the group helpful advice. Two group members translated the proposal into Russian and asked a teacher of Russian to edit it. Mamilya collected all the additional documents and went to Semipalatinsk to defend the project. In October 2003 the project was selected for funding, and in April 2004 Aknet received the grant.

The local water supply company Saulet was a key partner in project implementation. It guaranteed a financial contribution, but since the company had no money at project implementation time, the company director spent personal money on delivery of equipment from Karaganda.

Unfortunately, no community members volunteered to help the engineer from Saulet (an initiative group member) to install the water equipment—he had to hire several workers to help him. Despite this difficulty, four water pumps, four water meters and ten hand-pumps were successfully installed in various areas. Better community participation was achieved when several community members were selected to oversee the hand-pumps and ensure water fee collection, in exchange for free water usage.
As a result of the project, around a quarter of the 3700 town residents got easy access to clean water, which has improved hygiene and the incidence of gastro-intestinal diseases. Residents are now able to water their animals and grow vegetable gardens much more easily, enabling them to provide for their household needs and even generate some surplus for sale. The water meters help to save water and money for all users.

Akniet group members’ authority in the community has increased and they are very satisfied with their achievements, which has motivated them to further develop the water project (by planting trees and flowers around the bores, lobbying for water tower construction, and installing hand-pumps in other parts of the township). They also plan to initiate other projects.

Due to a number of factors, such as lobbying by Mazhilis Deputies, the government Clean Water programme, and confidence in Akniet’s water project, the Islamic Development Bank has granted 62 million KZT to the rayon Akimat to build a water tower and replace old water pipes to cover the rest of Egindybulak township.

**Besides the water project there are other initiatives in Egindybulak. Once people saw Akniet’s project approved, they were inspired to form two other initiative groups, to develop a boarding school and a recreation centre. These projects are in the planning phase now. A local NGO, Bibi-Ana, is also about to receive a UNDP grant to establish a sewing workshop for disabled women and sewing classes for young people.**

Although some small grant projects met the needs of quite small numbers of people and were initiated by just one or two people, their impact has often been high. For example, the project of the NGO Semipalatinsk Invalids Society, which purchased sewing machines, set up a small sewing workshop, and paid for raw materials, provides just 12 jobs for disabled people. However, the benefit of this project for these people has been substantial, as they have few other job opportunities and are not even allowed by the state-run Employment Centre to register as unemployed because they receive disability benefits. It has helped to give them some hope in their lives, made them more active, given them new skills, increased their income, and improved their status in their families by increasing their independence.

In rural settlements, grant projects often benefit a significant proportion of the population. For example, the water supply project in Egindybulak provided for the needs of a quarter of the population, in Karaterek virtually the entire population of the settlement, plus outlying areas, benefited from rebuilding the heating system of the Cultural Centre, and in Abraly all households with cattle will benefit from a project to improve the genetic stock of their cattle through breeding with pedigree bulls.

Projects in Semipalatinsk City, on the other hand, tend to be targeted at particular vulnerable social groups, such as people with disabilities, orphans, pensioners, or mothers and children with medical problems. The number of beneficiaries varies according to the project, but in most cases is substantial, as projects are mostly centred around institutions providing medical or social services.

Small Grants Project staff estimate a total of 173 permanent jobs were created as a result of grant projects implemented to date. The number of temporary jobs created during implementation of projects has not been estimated. However, in a significant proportion of projects, especially in the case of infrastructure development or renovation of recreational facilities, it is quite common for the state Employment Centre to fund several positions for unemployed persons to assist with project implementation. It should also be noted that in some infrastructure-type projects, significant numbers of people offered their voluntary labour.

It was not possible for the evaluation team to analyse a large number of grantee projects for their impact on poverty and living standards due to the lack of detailed monitoring data. However, the evaluation team was able to study a total of nine grantee projects first-hand, and discuss the outcome of other projects in general with the Small Grants Project staff. Overall, we came away with a rather favourable impression. In lieu of quantitative analysis, we have qualitatively assessed the impact of the main different types of projects that are implemented by grantees.
Medical equipment and services, social services

- The improved health services and equipment provided through UNDP grant projects improved the general health of the population, especially vulnerable groups, making them more able to function effectively and support their families.

- Medical equipment and services benefited remote rural areas by increasing accessibility of commonly required diagnostic and treatment equipment. Rural people now do not have to travel to major cities to receive some services, which saves them time and money.

- Medical equipment provided through grant projects in Semipalatinsk City has met urgent needs of the general population as well as specific vulnerable groups such as women and children, both in the city itself and outlying areas. The equipment or services provided were either not available anywhere else, or existed in insufficient quantity to meet total requirements.

- Medical and social services provided for institutionalised persons have improved their mental and physical health and quality of life.

- Very few jobs have been created by projects with this orientation; there was no income generation because medical services are provided free of charge.

- The level of community participation in these project types was very low, but usually the impact on beneficiaries was widespread.

Water supply

- Grant projects which provided access to clean water improved the sanitation and general health of rural populations, and reduced the rate of infectious disease, especially of the digestive tract.

- Supply of water to streets or homes has made it easier for people to maintain home gardens and water their animals, which has increased their ability to achieve subsistence food production and generate a surplus for sale, thereby generating additional income for their households.

- Some temporary employment was provided during implementation of water supply projects (often with the support of the Employment Centre through provision of unemployed people on unemployment benefits), but very few (if any) permanent jobs were created by projects with this orientation.

- Income is in some cases being generated by water utility bodies, where water services are charged for. This ensures steady employment for a number of people in the water utility body, and more importantly, enhances the financial and therefore operational sustainability of such services.

- Depending on the scale of the project, the number of people involved in implementing the project was low to moderate, but the impact of such project was widespread, benefiting large parts of rural communities or even whole communities.

Communications

- The installation of TV and radio transmitters increased the access of rural populations to information, which may help them to find employment, get social assistance, obtain an education, make more informed decisions. The installation of radio telephones enabled rural populations to obtain information, arrange social and health services, maintain links with relatives and other communities, and conduct business.

- No data was obtained on income generation or job creation by these projects, and in any case, a direct relationship would be rather difficult to prove.

- For such projects, there was a low level of involvement by communities in project implementation, but the project impact was widespread.
Vocational training

- It is mainly vulnerable groups which have been targeted, such as people with disabilities, orphans, women, youth; such training has improved their ability to find employment or become self-employed.

- Only a moderate number of jobs have been directly created, but there is quite high cost-effectiveness for provision of these services, considering the funds invested (e.g. for a $4800 outlay, 12 jobs have been directly created by a sewing workshop for disabled people in Semipalatinsk). (See Case Study 3).

- Target groups have in some cases increased their income, and can better support their families.

- Vocational training in Toktamys village is being used as a tool to provide for the everyday needs of the local community through the production of metal implements, wooden furniture and ornaments, as well as to ensure the transfer of traditional handicraft production skills to the young generation e.g. yurt (traditional nomadic house) production. This could be a valuable source of employment and income generation if producers succeed in marketing their wares without getting taxed too heavily. Heavy taxes are a general problem being experienced by other vocational training / social enterprise grantee projects, and are making many such activities unviable.

- Only a small number of people were generally involved in project implementation, and the impact was generally on a small number of people.

Entrepreneurial activity, income generation

- Income-generating activities generally involved a small number of people and in some cases had only a weak link to community organisations such as schools or state institutions which provide services to vulnerable population groups (e.g. quail-raising enterprise in Abraly associated with local school and individual disabled children). There is no real guarantee that such entrepreneurial activities will continue to meet the needs of these vulnerable social groups in the future, unless community monitoring and accountability mechanisms operate effectively on an ongoing basis.

- Some new entrepreneurs have inadequate skills and knowledge about how to manage a business successfully, and lack specific technical knowledge relating to their field of activity (e.g. Karaul chicken-raising project), putting the sustainability of these enterprises in doubt.

- Only a small number of jobs have been created per project; the sustainability of many of these enterprises is uncertain due to underdeveloped business management skills, a heavy tax burden, and a lack of knowledge among project implementers about the appropriate type of legal entity they should adopt to operate (e.g. as many of these enterprises redistribute their profits to provide social services, it would be advantageous for many entities to register as NGOs rather than operate as private businesses). Some starting social enterprises have been rendered financially unviable due to high taxes and have had to be stopped (e.g. a school-based hairdressing salon and the sale of handicrafts in Toktamys).

- Some social enterprise projects do have good prospects for sustainability and will have a wide impact. For example, the pedigree cattle breeding project in Abraly is projected to increase dairy milk production from 2-3 litres per day per cow, to around 15 litres, and to increase the live weight of cattle from 300 kg to around 500 kg. This will allow farmers to produce a greater surplus and earn more income from their production.
CASE STUDY 2

Handicraft training for school pupils, Toktamys village, Abai Rayon, Semipalatinsk Oblast

Dulyga Initiative Group
Group Leader: Bolat Karibayev

The aim of Dulyga initiative group is to assist poor villagers through the regeneration of folk art and crafts. The group is helping children from low-income families in the very remote village of Toktamys by teaching them vocational craft production skills.

Bolat Karibayev, a local artist and active community member, found out about the UNDP Small Grants Project from the local school Principal. Bolat gathered people together and created an initiative group. He was elected leader. Dulyga consists of five people, mostly pensioners capable of teaching children folk crafts.

The Project started in spring 2004. As a result of the project, a joiner’s shop and a blacksmith’s shop were renovated where children learn basic work skills. The project participants also teach children to build and repair yurts and create simple crafts from wood and leather. At first, the group also opened a sewing workshop and a hairdresser’s, but had to cease operations because of high taxes.

Four Dulyga group members were involved in project planning and around 40 people in project implementation. The school provided the premises for the group’s operations. Village farmers continuously contribute wool for yurt construction. When two of the group members could not participate in project implementation (due to health problems and relocation) other craftsmen joined the team and taught children voluntarily.

At first, local people did not believe that it was possible to receive grant money but when they saw Dulyga’s results they began to participate in the project and design other projects themselves. A group of three women subsequently received a grant from the UNDP Project to open a sewing workshop. Dulyga members provided this group with advice on project planning and implementation.

Dulyga experienced a problem with high taxes on the income from crafts it produced for sale outside its immediate community, as it was registered as an individual entrepreneur and was taxed as a commercial enterprise. Recently, Dulyga decided to just provide craft training rather than sell the products, and thus avoid paying taxes.

Tools and implements produced during practical training in the joiner’s shop and blacksmith’s shop are sold in Toktamys and neighbouring villages, not only helping to provide the project with funds for continuation but also meeting demand for such products.

Dulyga group members felt an increased sense of responsibility and self-esteem through participation in the project, and the child trainees are highly motivated. The group leader Bolat was elected a member of Abai Rayon Maslikhat after the group received their grant, reflecting the community’s respect for him.

Dulyga believes their project will be sustainable because the village school where the project operates has developed art and crafts as its field of specialisation. If the school receives government funds to support this specialisation, the craft workshops will continue operating. In future, the group would like to open a tourism business, building infrastructure, ensuring adequate sanitary conditions and selling crafts at a local historical site—an ancient cave—which already attracts many tourists.

4.2.2.3 Key factors affecting the level of poverty reduction and raising of living standards

UNDP Small Grants Project staff. The UNDP Small Grants Project staff were very professional in the way they worked with initiative groups and local authorities, organising PRAs, explaining the grants application process and the purpose and objectives of the grants to initiative groups, providing assistance in preparing project proposals, etc. They are also native Kazakh speakers. The Small Grants Project Manager had experience of living in rural communities and of being a
village Akim. All of these aspects helped to ensure the development of relevant projects which met real needs and in most cases had the support of local authorities.

Key to the achievement of the above outcomes was **effective and wide-ranging awareness-raising activities about the existence of the Small Grants Project and its objectives**. All of these activities ensured that in most areas people knew about the Small Grants Project, how to apply, and what kinds of projects were appropriate in terms of the objectives of the Small Grants Project. However, at sub-rayon level some remote settlements did not hear about the Small Grants Project until quite late, and then it was usually by word of mouth or through seeing newspaper articles about other grant projects being implemented. This meant that some areas had less opportunity to implement poverty alleviation and empowerment efforts via the Small Grants Project.

Another important output contributing to the outcome was **training, advice and support from UNDP Small Grants Project staff to plan projects, prepare project documentation, and implement the projects**. Seminars and training were organised by UNDP Small Grants Project staff on the role of NGOs/CBOs in civil society development, PRA, project design, project proposal writing and budget preparation, fundraising, financial management, reporting. This provided initiative groups with many of the tools they needed to effectively plan and implement their projects in a way that focussed on achieving poverty alleviation, improving living standards and empowerment.

The creation by UNDP Small Grants Project Management of an open and participatory project consideration process by the Grant Committee contributed to initiative groups having a greater understanding of the key objectives of the Small Grants Project and how their project should contribute to those objectives, and feeling greater responsibility and accountability to their community and UNDP for achieving results. This helped to ensure higher-quality projects and better implementation.

In addition to the above project outputs, there were other important factors, relating to the process of initiation and implementation of grantee projects.

**Scope of project, number of beneficiaries.** Projects which were best able to achieve the above outcome were those which impacted on the greatest number of beneficiaries, and which can have a multiplier effect. Infrastructure projects related to facilities which are used by a large proportion of the community, or especially vulnerable groups of the community, had the most impact on the outcome. Water supply projects were very appropriate because for a relatively small outlay, these projects were able to affect hundreds of people, improving the health of all family members, and enabling them to achieve subsistence or surplus food production. The pedigree bull project is another excellent project model, because if managed well, it will have a long-term multiplier effect on improving the gene stock of the whole community’s cattle. The renovation or building of cultural and sporting centres improved the general morale and social life of communities and helped to build social networks important for further collaborative action. Other smaller projects, such as targeted assistance to vulnerable social groups in institutions, made a real contribution to improving the quality of life of people who fall through the cracks in state social assistance.

**Relevance of projects to beneficiaries.** As in most cases the PRA process identified projects which were of high priority to communities, the projects developed were mostly relevant to their needs. However, the process of identifying priority projects was not always very participatory, resulting in some projects being approved which provided benefits to a relatively narrow range of people. In some cases, project ideas were presented by Akims and/or initiative groups to community members, and alternative suggestions of other community members were not necessarily sought or given much attention. Sometimes the number of people participating in the PRA sessions was quite small, representing mainly the most socially active, educated members of the community or elders/pensioners (e.g. in Egindybulak, only about 35-40 people out of a population of 3700 (mostly pensioners) gathered to discuss potential projects).

**Co-financing from local authorities and private sector, level of voluntary labour.** As co-financing was an important criterion considered by the Grant Committee for a project to be approved, in many cases initiative groups made efforts to obtain support in cash or in kind from
local authorities, farmers and business people. This helped to magnify the effect of projects and gain greater community ownership, promoting increased sustainability and therefore longer-term impact. Higher levels of voluntary labour (another form of in-kind assistance) helped in the same way. Many projects had significant co-financing or assistance. An example is Chernoe village, where a community cultural club was renovated. The local Akimat contributed KZT 200,000 for building materials, and the Employment Centre paid for around 20 locally registered unemployed people to help with the renovation. In Maikain village, a private enterprise donated a building for renovation as a sports hall.

**Technical / business advice.** Some projects needed more technical advice during the planning stages in order to properly implement them, and were therefore not properly thought through (e.g. some equipment was not included in the budget, suppliers of equipment were not clearly identified, extra funds were needed for transport). Some implementers of social enterprise or business-oriented projects needed more support in business planning and management—there is a risk of failure of a number of such projects due to insufficient business experience on the part of project implementers.

**Conclusion**

Project outputs ensured wide awareness of the Small Grants Project and therefore broad participation by civil society in applying for grants. The Grants Committee on the whole operated effectively to choose the most worthy projects which had the greatest potential to alleviate poverty and raise living standards. Seminars, training and advice by Small Grants Project staff to potential and successful grantees sensitised grantees to achieving the desired outcome, and helped to improve their capacity to do so.

The Small Grants Project achieved an acceptable balance between projects which achieved enhanced long-term capacity for poverty alleviation and those which provided immediate benefits to vulnerable social groups. Most projects were relevant to needs, and their impact and scope were enhanced by co-financing and voluntary labour. However, some initiative groups needed more technical and business advice related to their specific projects, the lack of which impaired their ability to make their projects contribute to poverty alleviation and raising living standards.

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**CASE STUDY 3**

**Sewing workshop & shoe repair project, Semipalatinsk City**

**Semipalatinsk Voluntary Network Society of Disabled, Leninsk Branch**

**Chairperson: Akhan Yerikhanov**

The Society of Disabled is an NGO operating in the Semipalatinsk region. The Leninsk branch has around 2,200 disabled people registered. Its activities include distribution of humanitarian aid (400 people served in 2003), legal advice, financial assistance, and preparation of appeal letters to help its members solve issues related to health and education.

During Soviet times the Society used to have a sewing workshop, a confectionery plant and a shoe repair workshop. With the collapse of the Soviet Union, all the workshops stopped operating.

The idea of creating a sewing workshop and a shoe repair workshop arose a long time ago. Most of the Society members used to work at consumer service centres (*Doma Byta*), in sewing, shoe repair and similar businesses. However, the Society had no funds to establish such workshops.

The Society Chairperson, Akhan, learned about the Small Grants Project from a newspaper advertisement. He enrolled in a workshop on how to write grant proposals organised by the Small Grants Project. The Civil Society Support Centre at the NGO IRIS helped Akhan and his accountant to develop a proposal. Small Grants Project staff provided advice and helped Akhan with office services (e.g. printing, typing, etc).

The Society received a grant of $4800. The aim of the project was to create jobs for disabled people though
the creation of a sewing workshop and a shoe repair workshop, and organising sewing classes. Using the grant funds, the Society purchased 13 sewing machines. The project has been operating for over a year. Semipalatinsk City Akimat promised to provide premises for the workshops, but so far the Society has only two small rooms which are not suitable for organising sewing classes, expanding the sewing workshop, or establishing a shoe repair workshop.

Currently, there are four people working at the small sewing workshop, and eight people working from home. The Society staff deliver sewing orders to those who work from home. Orders come mostly from factories, hospitals and other similar institutions (uniforms, bedding, etc). Each person involved in sewing receives 7000-8000 KZT a month (depending on the production volume) in addition to their disability pension (around 3,000 KZT). Two apprentices are being trained by a professional seamstress working at the workshop.

As soon as they get bigger premises from the Akimat, the Society are planning to organise six-month sewing courses for people with disabilities. The City College of Light Industry has agreed to provide trainers for the courses and give professional certificates to the graduates. It is estimated that in the course of a year 12 people will be trained. Murager sewing factory agreed to employ a certain number of trained people with disabilities.

To date, as a result of project implementation, 14 people have been employed and are able to earn a living. They have became more active and less depressed, and have improved self-esteem from being able to help support their families.

4.2.2.4 Empowerment

Empowerment was not specifically defined in the project document as a goal, although it did state that the goal of “[alleviating] social suffering of the vulnerable groups of population in the target areas" would be achieved through “providing the local people with opportunities to articulate their needs, initiate their own sustainable development initiatives and enhance their implementation capacities”. However, the Small Grants Project Manager defined empowerment as follows:

> When people in a community can freely express their needs and be listened to by people in positions of authority, and are willing to participate in the solution of community needs; when people gain a conviction that they can achieve what they desire, and obtain the participation of other community members; when decisions affecting a community are not just made by people in positions of authority, but made with community participation.

The evaluation team feels that this definition adequately describes the essence of empowerment in the context of the Small Grants Project. We believe that the Small Grants Project team has a clear understanding of this aspect of the Small Grants Project’s objectives.

Empowerment in the context of the Small Grants Project had the potential to be felt among different target groups: initiative group members, beneficiaries of grant projects, and the local authorities. In the following analysis, the level and nature of empowerment will be discussed in relation to these different groups, where relevant.

The main opportunities for empowerment of different target groups occurred at different stages of the process of developing grant projects: for all community members—during Participatory Rapid Appraisals (PRAs) and other community consultations; for initiative group members—during work to develop and plan project proposals and then implement grant projects; and for community members—mainly during project implementation (if they were involved in the process) and upon completion (when the results of the project could be felt by target beneficiaries).

**Participatory Rapid Appraisals/village meetings, and other community consultations**

The Small Grants Project was successful in stimulating communities to conduct Participatory Rapid Appraisals (PRAs) of their priority needs. In total, around 150 rural settlements out of 178 conducted PRAs, which is quite an impressive result. The number of people participating varied widely—for example, as few as 35-40 people out of a total population of about 3700 in Egindybulak took part in the PRA for the water supply project, while in Karaterek 638 people attended out of a total population of around 1300 to discuss the proposal to renovate the heating system for their Cultural Centre. There was also wide variation, however, in the level of open discussion of
community priorities. In some cases, a number of different ideas were proposed by community members, there was active discussion of the merits of each idea, and then priorities were established. On the other hand, however, a quite common practice was for Akims or elders to propose their own ideas and seek support from the community, rather than really promoting consideration of different alternatives proposed by the general population. Thus, the level of empowerment of community members at this stage of the process, in terms of giving them the opportunity to raise and discuss priority issues, was quite mixed.

There was, overall, equal involvement of the genders in the PRAs, and in general, women were very vocal, depending on the region’s local cultural practices. In some areas around 80% of members of initiative groups were women, while in other areas around 80% were men. Men took part more in the actual implementation of projects than in the PRA process.

As a result of the PRA process, many village or rayon Akimats learned more about the PRA’s value as a tool for identifying community needs, and are now adopting a more consultative approach to decision-making. A tendency can be observed that after the formation of initiative groups from the more active members of the community (especially after they have gained experience in implementing a grant project), Akims or other Akimat staff tend to invite members of initiative groups especially (in addition to holding village meetings) to discuss how to resolve other community problems. It was observed by the Small Grants Project Manager that many rural Akims now have a lesser tendency to make decisions by themselves without consulting their community because they realise that implementation of initiatives is more successful if there is greater community support and participation. While the need for Akims and Akimat staff to consult with their communities could be regarded as reducing their power, in fact it is often more empowering because they can get more community support and respect, which gives them more authority and status in their community. Such a process is also more empowering for the general population, because they can have more input into decision-making in their community. However, it must also be recognised that some Akimats, in order not to be outdone by initiative groups, are just paying more attention to addressing local problems than before, but have not really learned how to involve community members in the planning and implementation process. In such cases, the level of empowerment for community members is limited.

**Project planning and implementation, and impact on initiative groups in terms of empowerment**

Initiative group members were more empowered than anyone else in their communities from their involvement in the Small Grants Project. This was especially true for group leaders, as in many cases they were the main project designer/writer and driver of the grant project.

Most initiative group members developed networking skills which helped them to get greater participation and contributions from the community, including local Akimats, farmers and business people. The requirement by the Small Grants Project for grant projects to obtain co-financing from their local community, as well as get the written support of community members and local authorities, helped to systematise the development of such relationships. However, in some cases, these offers of co-financing or support were of a more formal rather than tangible nature, and were not always delivered as promised, as they relied on goodwill rather than on any formal contractual relationship with the force of law.

Initiative group members also learned to find sources of information, technical, financial and material assistance from within or outside their immediate community. For example, a number of projects (e.g. a well-drilling project) got assistance, with the help of the Semipalatinsk City Akimat, from construction planning institutes in Semipalatinsk City to assess the technical requirements and estimate the materials needed for engineering and construction tasks.

Informal information and experience sharing took place between some initiative groups, both within communities and between communities. In many cases, other initiative groups came to ask for advice and assistance from initiative groups which had won grants. This is an important aspect of empowerment, because it aided communities to build internal collaboration and trust, contributing to the development of social capital for future initiatives. At first, people in many communities did
not believe that it was possible to win grants for community initiatives. The success of the first groups stimulated others to mobilise, consider their own community initiatives and prepare grant proposals.

Initiative group members, especially leaders, also developed their project planning, proposal writing, fundraising and project implementation skills. Many noted the very helpful role of workshops organised by the Small Grants Project which addressed these issues. The improvement in project writing skills is clear when comparisons of earlier grant proposals are made with later ones prepared by the same initiative groups. Some initiative groups intended to or did actually make use of donor lists specifying donors’ funding priorities to submit other project proposals, although such cases were few. Some groups learned how to develop their own projects and get assistance from local authorities and businesses despite their projects not being approved for funding by the Small Grants Project (for example, a water supply project in Maiskiy Rayon). These partners were more positively disposed to providing assistance after seeing the success of previous projects under the leadership of initiative groups in their community.

Most members of initiative groups stated that they became more confident in their own ability to resolve community problems, gained more authority and respect in their community, and improved their organisational skills as a result of involvement in the grant project. They also received great personal satisfaction and fulfillment from doing something useful for their community, and felt happier, inspired and more motivated, with greater optimism and hope for the future. They felt that they had gained an important role in, and a greater sense of responsibility for, their community.

As a result of the greater respect and authority they gained, initiative group members became more involved in local politics. For example, one initiative group leader in Abraly was appointed village Akim as a result of community members recommending him to the Semipalatinsk City Akimat because of his demonstrated activeness in the community in initiating a water pump project, and in a number of cases group members were elected as Rayon Maslikhat deputies (e.g. in Toktamys).

Community members’ empowerment from the project planning and implementation process

As a result of being involved in PRAs, and then later in assisting with project implementation, in some communities people have become more focussed on achieving an objective, and understand that they can change their own lives. They are tending to take on greater ownership of their own problems, become involved in their resolution, and not just wait for someone in authority to solve them. Before the advent of PRAs, people would talk about problems in general, but often did not seek solutions and organise themselves to actually solve them. Now in many cases they have learned to focus on specific issues and solve them one by one. A typical comment of an initiative group member was noted in the Sange report:

“I came to believe that we can solve common problems on our own initiative, and raise people’s awareness. People are now more willing to assist with materials and their own labour, because they understand that everything is being done for the benefit of all people living in this village”.

This unfortunately is not the case for all communities in which grant projects were implemented. In many cases, the people who formed the initiative groups were the most active members of the community, and ended up doing a substantial amount of the project implementation themselves without much assistance from the community. This may be because people have not yet adapted
from the Soviet system wherein all services and facilities were provided by the state without consultation with beneficiaries.

### 4.2.2.5 Key factors affecting the level of empowerment

The level of involvement of community members, and thus the degree of potential for their empowerment, depends on many factors, some key aspects of which are discussed below.

#### The nature of the project

(even whether it is labour- and resource-intensive, and how many people it will benefit). For some projects, such as establishment of social enterprises (e.g. greenhouse at a school) or cultural facilities (e.g. community cultural centre), up to 40 people were involved in actual project implementation directly. In some projects, virtually the whole community was involved in some way or other. Contribution of labour, money and equipment by the community helped to build community ownership of these projects and develop social capital. Renovation or construction of community cultural and recreation centres in particular raised the morale of depressed rural communities, increased the sense of community and developed social networks, provided a focus for collaborative community activities, and promoted productive use of spare time. For example, the evaluators observed that in the case of the Karaterek cultural centre heating system renovation, many people had been involved in the project implementation process, as well as in follow-up activities including the organisation of clubs, classes and other community events. There was real community pride in the facility that was being developed and a sense of joint ownership.

However, in other projects, such as one in Muruntal village to install a mini telephone station, the empowerment was mainly in terms of how target beneficiaries could make use of the facilities established, rather than from community members being involved in the process of planning or implementing the project itself. In Muruntal the telephone makes it possible for community members to obtain information, arrange social and health services, maintain links with relatives and other communities, conduct business, etc, which increases their independence and ability to make their own decisions, and therefore their empowerment. But because the process of planning and implementing such projects requires the involvement of only a few people, it does not do much to promote collaborative community activity.

#### The role of the Akim

In rural areas, the level of the Akimat's (especially the Akim's) active involvement and interest in a project, and the way they were involved, had a major impact on the degree of empowerment of the community that was achieved. Especially important was whether the Akim or Akimat facilitated the activities of the initiative group, or tried to control them. There is a very fine line between the two approaches, and it is hard for the evaluators to distinguish between them given the short observation time available. However, Small Grants Project staff stated that most rayon and village Akimats actively participated in projects identified by communities, and estimated that around 70% worked as equal partners (i.e. in a facilitation role); around 25% supported the projects, but with more of a top-down approach; and around 5% did not participate at all (mainly village Akimats). Facilitation, such as calling community meetings, allocating premises, helping to identify contractors, assisting in requesting contributions by farmers and business people, arranging with the Employment Centre to assign unemployed people to assist with project implementation, etc, was invaluable in many cases in helping to unite the community behind the project activity. However, in some cases facilitation bordered on coercion: for example in Abraly, the Akim directly requested a local farmer to provide one truckload, or about a third of his hay stock, to feed the pedigree bulls in the *Zengi-baba* project over the winter. In this case, it would have been very hard for the farmer to refuse due to the authority of the Akim. It is doubtful whether this type of involvement in the project empowered the farmer, because the participation was not necessarily voluntary.

The way in which the Akim ran the PRA meetings or other community consultations (with a participatory or more top-down approach) also affected the level of empowerment of community members. This has already been discussed earlier.

#### The social status and personal skills and qualities of the initiative group members

(i.e. to what degree they are respected/senior members of the community, how participatory their
approach is, how good they are at social networking, etc). There was a quite clear difference in the level of empowerment of the community depending on the above factors. Initiative groups comprising senior and respected members of the community (e.g. veterans, aksakal (elders), teachers, or former members of the village or rayon Akimat or rayon maslikhat) tended to get more public support and therefore greater involvement, contributing to greater empowerment of community members. Initiative groups consisting of more junior members of the community (e.g. the quail-breeding project in Abraly) tended to conduct their project activities in a less inclusive fashion, tending to rely on the assistance of the Akim when support in terms of human or material resources needed to be mobilised.

However, seniority of initiative group members was not a guarantee of community involvement if these people did not have the social networking skills necessary to convince and mobilise others. For example, the pedigree bulls project in Abraly needed the help of the Akim to get feed for the winter, as the initiative group were unable to mobilise support themselves. To some degree, though, such problems stem from the overall passivity of the general population—without strong persuasion or prodding, it is difficult to get people to participate or contribute.

The existing culture/history of community initiatives, and strength and breadth of social networks, in the community. Some communities had a pre-existing history of joint community activities to resolve common problems (largely a result of the level of activity and initiative of the Akim), thus they had greater capacity to mobilise their populations for UNDP grant projects. For example, in Karaterek, the Akimat, after consultation with the community, had already initiated community projects to develop a playground for children and a gym at the school, and had repaired the street lighting in the settlement with payments collected from community members. Consequently, the level of community involvement in the cultural centre project was high. In contrast, in Egindybulak, especially since the rayon centre being moved elsewhere, there had been a large outflow of educated and socially active members of the community, replaced by a large number of new immigrants from poor rural areas. This substantial change in demographic structure had led to the disintegration of previous social networks and community structures. The pre-existing levels of community activity and social organisation were therefore low, limited primarily to weekly street clean-ups, and a women’s council and a veteran’s council which helped to resolve problems relating to their target beneficiaries. Correspondingly, the level of community involvement in the water supply grant project was low.

Conclusion

There is wide variation in the level of empowerment achieved in different communities during the planning and implementation of grant projects, depending on a combination of many factors. Overall, substantial empowerment was achieved mostly among initiative groups (especially their leaders), through development of skills in planning, lobbying, managing human and financial resources, and project implementation, as well as increasing their own self-confidence/esteem and status in their community. Akims and Akimat staff became more empowered through association with the projects, by learning more participatory approaches to solving community problems, and by their active role in helping to facilitate needs assessment and mobilisation of financial and human resources, which demonstrated their care for the people in their community and improved their status.

Other community members were often not that strongly empowered by the project planning and implementation process, having limited or no involvement in this aspect in many cases—this was often because the type of project chosen did not necessitate it (e.g. provision of medical or communications equipment). Large-scale infrastructure projects which involved a wide range of people from the community in implementation, especially on a voluntary basis, were most successful in achieving empowerment. However, as beneficiaries, the community often were empowered by the impact of the projects on their lives and what it enabled them to do which they could not do before.
4.2.2.6 Project partnership strategy

The main partners of the UNDP Small Grants Project were rayon and village Akimats, the City Akimat, and NGOs. There was also some small collaboration with the UNDP Business Advisory Centre and Microcredit projects.

Overall, the greatest partnership was observed with the rayon and village Akimats. In fact, their involvement was critical to the success of the Small Grants Project, because without their involvement, it would have been very difficult for initiative groups to initiate any projects and get support from their community for implementation. The Small Grants Project staff always consulted with Akimats before conducting promotional or PRA activities in their areas of jurisdiction. Village Akims organised community PRA meetings and helped to disseminate information on the grants application process. After these initial contacts and sensitisation by the Small Grants Project staff, village Akims and Akimat staff often collaborated closely with initiative groups in obtaining co-financing, finding suppliers of goods and services/contractors, and mobilising public support and involvement. After receiving requests from initiative groups, they sometimes arranged for the Employment Centre to provide unemployed workers for construction activities. Partner NGOs reported to the evaluation team that in most settlements there is now an understanding among local authorities at rayon and village level of the importance of involving the community in identifying priority issues and of involving community organisations in the implementation of initiatives to resolve them. One indicator of this is that all rayon Akimats have now appointed a person to be responsible for contacts with initiative groups.

Certain NGOs also acted as partners in some project localities: after receiving training from the Small Grants Project, they helped CBOs to plan projects and write project proposals, and helped Small Grants Project staff to monitor grantee project implementation (e.g. Decenta in Lebyazhinskiy Rayon). The Small Grants Project also exchanged information and experience with NGOs such as the Soviet Mira i Soglasiya, the Semipalatinsk Association of Businesswomen, and the Children’s Foundation in Kurchatov, which was useful for both sides.

The Small Grants Project Grants Committee involved NGOs, rayon Akimats, the City Akimat Deputy Akim (or his representative) and Director of the External Relations Department, and the Employment Centre, which was a good educational experience for them because it taught them about the value of transparency, openness, and active participation by the grant applicants in the process. As a result, the original City Akimat staff with whom the project started out became interested in assisting grant initiatives in rural areas, and helped to arrange some assistance from construction planning institutes in Semipalatinsk for project budgeting and technical specifications, and the Aul programme (equipment for a water supply project).

Apart from involvement in the Grants Committee, the City Akimat External Relations Department partnered with the Small Grants Project mainly in terms of referring NGOs and CBOs to the Small Grants Project for advice or information, and by informing visiting donors of the needs of NGOs and CBOs in the region. No substantive relationship was established with another potential key partner in the City Akimat, the Agriculture Department (which administers the Aul Programme), although they did provide some support to individual infrastructure projects on a couple of occasions. The original Deputy Akim took part in the Small Grants Committee, but when he was replaced after a change of Akim, his successor showed little interest in being involved.

No formalised ties were developed with the private sector to provide co-financing for the Small Grants Project, although individual farmers and business people did often contribute at the local level to grantee projects.

No systematic mechanisms were established for collaboration between the Small Grants Project and all of the partners above (most relationships were ad hoc and informal); however, there was a seminar initiated by the UN Volunteers programme, and supported by the Small Grants Project, to promote the development of a body to coordinate the activities of NGOs and the executive organs of government in Semipalatinsk City, and to develop a state funding mechanism for NGO activities. The City Maslikhat is now considering these recommendations, but nothing has eventuated yet. An earlier so-called Association of NGOs established on the initiative of local authorities in 2002
received very little support from NGOs because the leader has little understanding of the NGO community and has no credibility among NGOs.

The three joint seminars and training sessions for NGOs and CBOs (mentioned earlier in this report) helped to develop closer ties with the Small Grants Project and to promote the development of relationships between urban and rural organisations. These seminars resulted in information and experience exchange between participants (which continued from time to time among some organisations), and assistance from NGOs to CBOs to form NGOs and write project proposals.

**Conclusion**

Overall, partnerships with government authorities were most successful at the rayon and village level, and involved practical assistance to project implementation. These partnerships had a significant impact on building capacity of local leaders, and mobilising resources for grantee projects, which made a significant contribution to achieving the outcome in these communities. The relationship with the City Akimat, while friendly and cooperative, was mostly limited to the External Relations Department, and did not contribute much towards achieving the outcome. Capacity building in transparent, open relationships with NGOs and CBOs was achieved mainly through the Akimat’s participation in the Small Grants Committee. Relations with the City Akimat Department of Agriculture, a potentially valuable partner for co-financing and technical support through the Aul Programme, were largely undeveloped. The relationship with NGOs, although non-formalised and only loosely structured, was useful in certain localities for assistance with project planning and implementation of grantee projects implemented by CBOs, and resulted in some capacity building on the part of NGOs especially in project proposal writing and project monitoring; however, the scope of relationships with NGOs was limited by the number of effectively operating NGOs, their uneven geographic spread and remoteness, and therefore these relationships had little overall effect on the project outcome. No systematic mechanisms were established for developing partnership between the project, government structures, civil society organisations and the private sector, although these could have been very useful for establishing a sustainable mechanism for administering and financing the continuation of project activities past the end of UNDP funding.
4.3 Business Advisory Centre Project

4.3.1 Overall assessment of outcome

The evaluators’ overall assessment of the key outcomes and other standard factors assessed by UNDP are presented in Table 2.

Table 2: Assessment of Business Advisory Centre Project outcome and other factors

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty alleviation</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Raising living standards</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Positive change</td>
</tr>
<tr>
<td>Income generation</td>
<td>Unchanged overall, but some individual successes</td>
</tr>
<tr>
<td>Job creation</td>
<td>Unchanged overall, but some individual successes</td>
</tr>
<tr>
<td>Sustainability of progress towards achieving outcome</td>
<td>Too soon to tell</td>
</tr>
<tr>
<td>Cost-effectiveness of progress towards achieving outcome</td>
<td>No</td>
</tr>
</tbody>
</table>

A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided later in this section of the report.

Poverty alleviation and living standards remained essentially unchanged as a result of the BAC project, mainly because 1) the first project team was not appropriate for the task, and a lot of time was lost between winding down that team and assembling a new project team; 2) there was too much concentration on consultations and training for accountants (63% of the BAC’s clientele), who do not make a substantial difference to the overall management of the businesses in which they were employed and therefore the businesses’ growth; and 3) a relatively small number of individual entrepreneurs and managers of enterprises received BAC services, and in general the assistance they received was on a small number of specific issues rather than covering a comprehensive range of topics, and was not over a sufficient duration to make a substantial difference to the growth of their business.

There was positive change in the level of empowerment of BAC clients (mainly accountants but also individual entrepreneurs), especially in terms of dealing with the Tax and Customs authorities, as clients were given the information and advice they needed to defend their interests and avoid penalties and fines. The level of income generation was unchanged overall as a result of BAC outputs, as the number of businesses achieving additional income generation was small. However, there were quite a number of cases of businesses obtaining loans for business expansion as a result of assistance with business plan development. There was no real evidence of substantial job creation as a result of BAC assistance to clients; however, the BAC did act as a major facilitator for employers and unemployed people to fill existing vacancies.

It is too soon to tell whether the progress towards achieving the outcomes will be sustainable, as the current BAC team had been working for less than a year as of September 2004, and only in that month started to implement a fee schedule which will partially cost-recover their services. The
only way to achieve sustainability of progress towards achieving the outcomes will be to find a means to cover the operating expenses of the BAC past the end of UNDP funding so that it can provide services to clients with the greatest potential to expand their businesses and generate employment.

The progress towards achieving the outcome has not so far been cost-effective, largely due to 1) the difficulties in finding and retaining suitable project staff, which lost time, affected productivity, and resulted in lack of continuity in project activities; 2) the inability to attract enough of the most targeted clients (managers of SMEs), who could have the most impact on achieving the outcome; and 3) the late introduction of charging for services (prior to this, all services were free of charge), which increased operating costs.

4.3.2 Main analysis

4.3.2.1 Background

The Business Advisory Centre has been operated by two separate project teams during the project period, due to the resignation of the staff in the first project team.

The first BAC management and staff resigned during early 2003 (the last member in May 2003). The current team has only been operating since November 2003. According to UNDP programme management and current staff, the first project team, although well educated, were largely unsuccessful in achieving their objectives due to a number of factors:

- The Manager did not conduct a needs analysis of SMEs in the region, or develop a clear strategy for project implementation.

- The staff were too young to command the respect and trust of clients, had insufficient practical experience of business to apply their theoretical knowledge, and were not well known in Semipalatinsk among the business community (they had little moral authority).

- The BAC had too broad a range of activities, which made it hard for them to identify key priorities and provide services to achieve objectives in these key areas.

- Some trainings were before their time, and too advanced for the Semipalatinsk market.

- The first BAC team concentrated on conducting trainings, and did not put enough emphasis on providing consultations to clients, which made it hard for them to build up a loyal client base which would help the BAC to achieve sustainability.

On the positive side, the first BAC team did organise some good trainings, mainly using materials from international sources, which were regarded quite well among clients. They were also fairly well known among entrepreneurs, as they promoted their activities quite well. They also worked well with the Tax Committee.

It is difficult to assess the achievements of the original BAC project team because of the evaluators’ lack of access to these people and to information about their work. Therefore, this evaluation concentrates on assessing the work of the current project team, which started its work in November 2003.

The new BAC team has a wider age range (22-55), a gender balance, and much more practical business experience than the previous team. Some members are already well known in the business community and among local government organs. This made it easier for them to quickly build up a client base and to offer relevant and practical trainings and consultations to their clients.

The BAC provided services to a total of around 2650 clients between August 2003 and August 2004. The majority (63%) of clients were accountants, while 17% were individual entrepreneurs and managers of SMEs, and 14% were unemployed. Students comprised 4% of clients, and 2% were staff of companies, government institutions and NGOs. During the first project team’s period of work, between August 2002 and April 2003, 576 people attended trainings and seminars, but data is not available on their occupations.
Between August 2003 and August 2004, a large proportion of clients (45%) came to the BAC for training or consultations on accounting and tax return preparation; while 50% were clients who attended a Job Fair organised by the BAC in November 2003 (876 people) or training sessions (60 people) and consultations on job seeking, CV preparation, and job interviews (200 people). Other types of trainings accounted for 5% of clients. These included such topics as financial management, international financial reporting standards, preparation of accountants for CAP and CIPA certification examinations, leasing, changes in tax legislation, customs regulations, business plan development, starting your business, funding and loans, basics of marketing, etc.

The BAC also provided consultations to 208 clients on a range of issues, mostly on accounting and taxes, and how to register and start businesses or wind them up. Other activities carried out by the BAC included business plan development for entrepreneurs, defence of clients in the Ust-Kamenorgorsk Economic Court, and providing legal advice through the Jurist legal database.

4.3.2.2 Alleviating poverty, raising living standards and empowerment

As the Business Advisory Centre has only been operating in its current form for less than a year, it is difficult to see a very significant effect on raising incomes and living standards. However, there are some initial indications of how the BAC is benefiting individual businesses or persons.

The BAC was originally intended to provide services mainly to SME entrepreneurs; however, it was difficult to attract many individual entrepreneurs or managers of small to medium-size companies to trainings or courses because they had little time available. This has limited the ability of BAC services to contribute to poverty alleviation, because they have not been reaching many of the people who have the most impact on the management and growth of businesses. However, recently the BAC has conducted more trainings of value and interest to managers (such as leasing, accounting standard #23, foreign currency management), which has attracted more managers.

During the last year, the most topical issue affecting SMEs was changes in accounting procedures and tax reporting requirements, because this was causing many businesspeople a lot of problems with the Tax Committee, with penalties and fines being levied which seriously affected the viability of businesses or in some cases led to bankruptcy. Therefore, the BAC focussed efforts on these issues, and were successful in attracting the interest of accountants of enterprises, in large numbers. Many businesses received significant benefits from their accountant's participation in the BAC's trainings, seminars and consultations, because as a result, accountants were able to protect their companies from being subjected to penalties and fines from tax authorities (saving a minimum of 10,000 KZT per penalty and in many cases a lot more). However, because accountants do not have much input into the overall management of businesses, the benefits to businesses from training accountants were quite narrowly confined to mainly tax-related issues.

Small-scale entrepreneurs often do not have sufficient revenue to employ their own accountant—a qualified accountant costs a minimum of 400,000 KZT (around $2941) per year. Many small entrepreneurs received free accounting advice from the BAC which helped them to fill out tax returns themselves, saving them money on accounting services, as well as avoiding penalties and fines.

In general, entrepreneurs and accountants became much more empowered and confident in dealing with the Tax Committee, because they had considerably more knowledge of tax regulations, and could refuse Tax Committee officials when they tried to penalise without proper justification. One accountant commented in a group discussion with the evaluators that “when you know you are right, you stand your ground and don’t let the Tax Committee violate your rights”. Some clients commented that when Tax Committee officials know that a person has received advice or training from the BAC, they take them more seriously, treat them with more respect, and are less likely to try to penalise or fine them.

The BAC has also successfully defended a number of entrepreneurs in court, mostly against unjustified penalties or fines imposed by the Tax Committee, but also in relation to other legal issues. These court decisions help to create precedents which protect entrepreneurs from similar future law suits.
Several firms wrote letters of appreciation to the BAC for the help they received in avoiding fines and penalties, or making savings in other ways by knowing legal ways of reducing taxation. One company saved 2,600,340 KZT (around $19,120), another firm 700,050 KZT ($5147); and another 984,000 KZT ($7235). Many clients commented that the training on leasing by International Finance Corporation, organised by the BAC, had saved them money (e.g. on VAT, equipment repairs and depreciation).

CASE STUDY 4

Individual Entrepreneur (medium-sized enterprise)
Rafael

Rafael started his career as an entrepreneur in 1987. He was the first owner of a cooperative in Kazakhstan.

Today, Rafael’s main business is provision of waste disposal services in Semipalatinsk. He also owns a small pig farm and a small greenhouse. The Business Advisory Centre helped Rafael to develop a business plan for his pig farm, which he needed to receive a bank loan.

Rafael has a four-hectare block of land, with a large building which he rents out to twelve other individual entrepreneurs at concessional rates. Four accountants provide services to Rafael and these entrepreneurs. The accountants are regularly informed of and participate in trainings organised by the BAC.

Rafael recently started leasing some waste disposal trucks after attending a seminar on leasing organised by the BAC. Rafael learned that leasing equipment qualifies him for a substantial tax cut (e.g. for equipment worth $200,000 one can save $30,000 in taxes). As a result, Rafael was able to save KZT 984,000 ($7235) in taxes.

Rafael suggests that the BAC should take the lead in organising entrepreneurs, providing them with the opportunity to share information on new business opportunities and technologies and share their business experience. Rafael is ready to share his experience and skills with others. He is also willing to provide his premises to starting entrepreneurs for free for the first three months.

As training by the BAC was free, business people were able to improve their business skills without having to pay large amounts of money (estimates by clients of the cost of similar courses ranged from 3000 to 10,000 KZT, depending on the length of training and subject matter). Thus there were real economic benefits to enterprises from the BAC making training available at no cost. However, free services seriously limited the ability of the BAC to become sustainable.

The BAC helped a number of businesses to find loan finance for expanding their activities. BAC staff prepared a handbook which provided summary information on various lending institutions (e.g. banks, microcredit institutions, the City Akimat SME Committee) and their lending conditions. They also helped entrepreneurs prepare business plans for institutions which required them. BAC staff estimate that of approximately 20 entrepreneurs who were referred to banks, about eight returned to the BAC for help with business plans, and around ten probably received credit. Several organisations received a low-interest loan from the City Akimat after being referred by the BAC.

In a few cases, the BAC helped local firms to develop mutually beneficial business relationships with each other. For example, an entrepreneur was selling unprocessed scrap metal and found it unprofitable. He wanted to start making products from this metal and sell those instead, but did not have a licence to do so. The BAC put him into contact with a company licensed to make aluminium stoves and polymer coatings, and they have signed a contract together to manufacture such products. There do not appear to be any cases where the BAC helped to establish relationships between local and foreign companies.

Many local businesspeople also established informal contacts with each other as a result of attending BAC seminars and courses, and often call or meet each other for advice and experience exchange. One result of such contacts was the establishment in April 2004 of an initiative group of accountants comprising 19 members, which will act as an advisory group to the BAC and share
information and experience among its own members. The BAC plans to help the group to create an Accountants Association in the near future.

Another significant target group which benefited from the activities of the BAC were unemployed people. BAC gave a major boost to unemployed people in November 2003 by organising a Job Fair in cooperation with the KIMEP Career and Employment Centre. This event had the participation of fourteen of the largest enterprises in Semipalatinsk (41% of the total in the city), nine SMEs and branch offices of companies, and five companies from other regions; and more than 1000 members of the public. The participating enterprises advertised over 130 vacancies, and more than 500 resumes were received by companies and the KIMEP Career and Employment Centre.

Prior to the job fair, the BAC organised a seminar on preparing CVs and cover letters, attended by 60 job seekers, and in the following week the BAC gave consultation to 200 more people on this topic. It is not known how many of the vacancies were filled as a result of the job fair, but judging by the level of participation, it was likely a significant number.

CASE STUDY 5
BAC Clients—Unemployed
Gulmira, Lyudmila and Raisa

Gulmira is a recent graduate. She saw a TV advertisement about a Job Fair organised by the Business Advisory Centre, and came to the BAC to learn more about its activities. Later she participated in training for job seekers on how to write a resume, how to prepare for an interview, etc. She also participated in the Job Fair. Unfortunately the employment opportunities presented at the Job Fair did not match Gulmira's qualifications but her friend who also participated in the Job Fair was able to find a job. Gulmira considers the skills learned though BAC training very useful in her current job seeking.

Lyudmila used to be an accountant. At first, she did not pay much attention to the advertisements about BAC trainings. Later, in a conversation with her colleagues—accountants at the Tax Committee—she learned that BAC trainings and advice for accountants are very useful. Recently she lost her job and came to the BAC for advice on job-seeking techniques. Lyudmila has now received a job offer and is considering this option.

Raisa learned about the BAC from an advertisement on local TV. She got very interested in its trainings and later participated in a training for job seekers, a seminar on financial management and other trainings. She commented that “resume-writing techniques are very useful for us middle-aged people, because we don’t have such skills and usually we are the people who lose jobs these days”.

4.3.2.3 Influence of project outputs and other factors on the outcome

Key factors positively affecting the achievement of the outcomes are as follows:

The professional and interpersonal skills of the current BAC staff. Each staff member in the current team has their own area of specialisation, and is well respected by clients and peers in their field. Staff had existing well-developed networks in the business community which enabled rapid establishment of awareness and credibility in the market. Clients remarked on the quick response they received from BAC specialists to queries; their friendly, helpful, positive attitude; their high qualifications; and the relevance and practical nature of their advice. This has attracted many target clients by word of mouth, increasing the impact of the BAC.

Collaboration with Tax Committee and Customs staff in explaining tax and customs regulations to entrepreneurs and accountants generated a less confrontational attitude on the part of the government agencies, and made this knowledge more widely available, which helped enable entrepreneurs and accountants to defend themselves when unfairly penalised or fined for alleged transgressions.

A major contribution of UNDP to achieving the outcome was making available informational resources and computer software to ensure that knowledge of both BAC staff and clients could be updated. The provision of the Jurist legal database was useful for keeping track of changes in legislation affecting SMEs. The Project Expert software, combined with training of BAC staff in how
to use the software, was very useful for developing business plans with clients, and was used continuously.

Another important contribution to the achievement of the outcome was UNDP’s provision of adequate office premises and a training room in a central location, through negotiation with the City Akimat, and office furniture and computer hardware. This enabled BAC staff to work more effectively, and provided a pleasant and welcoming environment for clients to visit, encouraging greater use of the BAC’s services.

The other main UNDP output which aided the achievement of the outcome was the facilitation of training and opportunities for information and experience exchange for BAC staff. The first BAC project team was given training by the International Adviser from the UNDP Business Development Centre in Atyrau, including modules on consulting skills; training skills; and business skills including business planning, the basics of financial management, pre-start-up and start-up of SMEs, and other topics such as recruiting and job-seeking, effective communication. The International Adviser also shared her experience from the operation of the Atyrau BDC and other Business Advisory Centres abroad. This project team also received training on strategic management, human resources, and taxation and financial reporting in Almaty and Moscow. This training helped BAC staff to provide up-to-date and advanced training to BAC clients, although some topics were perhaps too advanced or introduced prematurely. Unfortunately, much of the knowledge gained by project staff was not retained within the BAC, as all staff left the project by May 2003.

The second (current) BAC project team were sent to training courses at the Kazakhstan-Japan Centre for Human Development in Almaty, on financial accounting, management accounting, and taxes and law. This training had direct application for courses which BAC staff subsequently organised for their clients, and helped to build the BAC’s reputation for having well-trained staff with up-to-date and relevant knowledge, which helped to attract clients and build their capacity in various fields of knowledge.

Key factors hindering the achievement of the outcomes included the following:

**Selection of a too-narrow customer base to achieve sustainability** (starting and small-scale enterprises which are sole operators or have only a few staff, concentrating on accountants and individual entrepreneurs). These clients have low ability to pay for services. Inclusion of more entrepreneurs from medium-sized enterprises would have given the BAC a more sustainable income stream if fees had been introduced earlier.

**The relatively narrow range of services** limited the clientele and the potential impact on enterprises, because other important business skills were not covered (such as business management, marketing research, customer service, etc). However, given the small number of staff and the need for operational efficiency, some specialisation is understandable.

**Free services** made them more accessible to target groups in the short term, but in the long term this is not sustainable if the BAC is to continue without—or with less—donor funding. The BAC in September 2004 started to implement a fee system which will cover some organisational costs, but if the current clientele is maintained and no other income streams are developed, these fees will be insufficient to generate enough income to cover staff salaries and staff training costs, or to maintain the informational resources of the BAC at a sufficient level to ensure that knowledge is updated. To continue to meet the needs of its target groups, the BAC will be forced to provide paid services for larger enterprises, and/or to develop an additional income source such as leasing services, in order to cross-subsidise unprofitable services provided to SMEs.

**Promotion of BAC services was limited,** which meant that only a small proportion of potential clients were aware of the services available. However, a difficult balance had to be struck between targeting clients and stimulating too much demand for services, due to the small number of staff. According to the Sange focus group discussion, only about a third of the market demand is being satisfied by existing business consultancy companies and the Business Advisory Centre.

**Conclusion**
The overall economy of Semipalatinsk City in particular has improved in the last three years, according to most respondents in the Sange survey and the Semipalatinsk statistics agency. It is difficult to differentiate between economic benefits to enterprises received from general improvement in the conditions for business, and those received from trainings and consultations from the BAC. However, the evaluators found that there were some real savings and additional income generated as result of BAC assistance. The BAC helped many businesses save money on taxes, penalties and fines; helped to introduce new business practices such as leasing, which resulted in significant savings for entrepreneurs; and assisted a good number of entrepreneurs to obtain finance for business expansion.

There is no data available on the overall number of jobs that were created as a result of the BAC’s activities. This would in fact be impossible to estimate, as there are too many factors which affect business performance to attribute success to one aspect.

On balance, the impact of the BAC project on alleviating poverty and raising living standards has been only relatively small if one considers the proportion of small and medium enterprises served (approximately 1960 staff of enterprises out of a total of 6078 registered individual entrepreneurs and 3840 small and medium enterprises in the Semipalatinsk region), and the fact that only some of the BAC’s clients would have benefited economically from their training or consultations. Many enterprises have saved money as a result of being advised how to correctly manage their taxes, but the amounts saved on average could not be said to be crucial to their success. Other businesses have been able to obtain finance as the result of BAC assistance with business plans, but the number of businesses is still too small to have a great impact.

The impact of the BAC project on empowerment has been quite significant. Most clients have improved their business knowledge and skills, many have been able to defend themselves better when dealing with the Tax Committee and Customs Department, and some have learned about means of obtaining finance. All of these factors make it easier for clients to make decisions and take steps to increase the profitability and scale of their business.

Key factors contributing to the achievement of the outcome include the professional and interpersonal skills of the current BAC staff, and collaboration with Tax and Customs Department staff. Key factors limiting the achievement of the outcome include a narrow market niche, a relatively small range of services, free services precluding sustainability, and a low level of promotion of BAC services.

UNDP set up a working environment, informational resources and tools which greatly facilitated the ability of the BAC staff to serve their clients effectively. BAC staff received much useful training which helped them to provide relevant and up-to-date training to their own clients. However, the impact of this was greatly reduced as a result of former project staff resigning and taking their skills with them (although the training modules were retained for reference by subsequent project staff).

4.3.2.4 Project partnership strategy

In Semipalatinsk, the BAC’s partners generally clearly understand its objectives and regard the BAC with respect. These partners include Government organs such as the City Akimat SME and External Relations Departments, Tax Committee, Customs Department and Employment Centre; the Semipalatinsk branch of the SME Workers Union (48 members); formal and informal business incubators such as Zhastar Kompleks (22 small enterprises supported) and Ao Bang (about 150 enterprises supported); microcredit institutions such as the Asian Credit Fund, the EBRD Small Business Programme, and Bereke; the educational institution, Baiseitov College of Finance and Economics in Semipalatinsk; and the research/agricultural services firm KazAgroMarketing. However, donors interviewed outside the Semipalatinsk region were unaware of the BAC and its activities.

The main participation in implementing BAC project activities by other organisations has been through the provision of training. Overall, however, the level of participation in project implementation by partners has been low. The International Labour Organisation provided materials for training Business Advisory Centre clients on How to Start and Improve Your
Business; International Finance Corporation provided training on Leasing. The city Tax Committee and Customs Department helped the BAC to conduct joint trainings for entrepreneurs on tax and customs regulation changes on a number of occasions, as a result of which they learned more concrete detail about the practical application of (their own!) tax regulations, and to be less confrontational with SME entrepreneurs, respecting their rights more. Apart from training, some assistance to project implementation has been provided by the SME Workers Union, which has provided legal advice to BAC staff and has helped to obtain legal information to assist in the legal defence of BAC clients in the Ust-Kamenogorsk Economic Court. Also, although the SME Committee has not been involved in BAC project implementation, it has, as a result of contact with the BAC and its clients, learned more about tax regulations and business plan development. The SME Committee commented that business plans submitted to them by clients as part of applications for low-interest loans, which had been prepared with the assistance of the BAC, were the best quality of all clients who applied.

In terms of coordination of partners’ activities with those of the BAC, this mainly consists of informal exchange of information and experience, attendance of each other’s trainings and seminars, and mutual referral of clients. The evaluators noted that there was good cooperation of this nature, although there is no established mechanism for coordination of partner activities. One incipient potential mechanism of fairly narrow scope, however, is the initiative group of accountants, mentioned earlier. As regards a mechanism for discussing and lobbying the interests of SMEs in Semipalatinsk region, the BAC has not so far adopted any coordination or leadership role, apart from a one-time Forum of local business supervising organs and the Association of Entrepreneurs Aspan (which represents mainly large firms) organised by the first BAC project team to discuss problems faced by the local business community and how to solve them. The BAC does, however, participate in periodic (approximately quarterly/half-yearly) meetings of the Entrepreneurs Council, organised by the Akimat SME Committee and headed by the Akim, which involves representatives of NGOs, foundations, entrepreneurs, the SME Workers Union, the Akimat and Maslikhat. These meetings discuss topical issues of concern, and update people on new developments in the SME sector, particularly in relation to government regulations and new initiatives. The evaluators were not able to ascertain to what degree these meetings meet the needs of entrepreneurs in Semipalatinsk region, as they were only mentioned by a couple of interviewees.

The BAC mainly operates independently in terms of raising awareness of issues affecting SMEs in the Semipalatinsk region, and since the second project team started, generally at a low level due to the need to give priority to building up the services of the BAC. The most common promotional activity conducted by the BAC is simply disseminating information about the seminars and courses on offer, as well as printed materials or emails on various topics of interest. The main partners involved in disseminating information to target groups are the two business incubators Zhastar and Ao Bang, the SME Workers Union, and the Tax Committee (mainly passive, by allowing information sheets to be displayed in the Tax Committee foyer). Mostly this involvement in awareness raising is limited to referring clients to the BAC for trainings or consultations. One awareness-raising activity recently organised was a two-day workshop to develop recommendations on simplifying the tax system, which involved the BAC and many key partners.

The Job Fair held in November 2003 was the biggest awareness-raising event organised by the BAC since the new project team started working. At first, however, the main potential partner, the Semipalatinsk Employment Centre, was sceptical of the event’s objectives and did not help to organise it, although they did participate in it as consultants to job-seekers. The KIMEP Career and Employment Centre, an organisation from outside the region, was the most active partner in organising this event. But now the Semipalatinsk Employment Centre realises the value of the event (they learned a lot about how to provide services to unemployed people better as a result of training by KIMEP on job-seeking methods) and were actively involved in organising a second Job Fair in October 2004.

The relationships the BAC had with other organisations, such as the UNDP microcredit project and other microcredit organisations, the UNDP Small Grants Project, and NGOs, consisted mainly
of client referrals, and the BAC providing training or consultations on certain issues such as tax, accounting and legal issues, business plan and project proposal development, job search methods, leasing, sources of finance. In addition to this, the BAC provided practical advice to lecturers at the Baiseitov College of Finance and Economics on how to develop their curricula to ensure that the subject matter had practical application in the real world (their courses were too theoretical, and prepared students poorly for real jobs).

Conclusion
In sum, the BAC maintained a steady and productive relationship with all of its partners. The relationships most strengthened during the period of the second BAC project team were those with the Tax Committee, the City Employment Centre, and the Baiseitov College of Finance and Economics. In the evaluators’ opinion, these relationships also had the most impact on achieving project outcomes, as they are all institutions whose activities affect a large number of people who are virtually the same as the BAC’s target groups; therefore the BAC was able to achieve a multiplier effect from collaboration with them. These organisations’ partnerships with the BAC taught them more participatory ways of working with their clients as well as gave them up-to-date information and advice in their fields of work. The BAC also acted as a bridge between BAC clients and the Tax Committee and City Employment Centre, helping to improve the value of interactions between them (e.g. by organising joint meetings or events which encouraged greater dialogue).
4.4 Microcredit for Women Project

4.4.1 Overall assessment of outcome

The evaluators’ overall assessment of the key outcomes and other standard factors assessed by UNDP are presented in Table 3.

Table 3: Assessment of Business Advisory Centre Project outcome and other factors

<table>
<thead>
<tr>
<th>Rating Criteria</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty alleviation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Raising living standards</td>
<td>Positive change</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Positive change</td>
</tr>
<tr>
<td>Income generation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Job creation</td>
<td>Positive change</td>
</tr>
<tr>
<td>Sustainability of progress towards achieving outcome</td>
<td>Sustainable</td>
</tr>
<tr>
<td>Cost-effectiveness of progress towards achieving outcome</td>
<td>Yes</td>
</tr>
</tbody>
</table>

A brief explanation of the ratings follows below. More detailed discussion of outcomes and their contributing factors is provided later in this section of the report.

There has been positive change in terms of poverty alleviation and raising living standards as a result of this project, as most Bereke clients’ businesses have increased their turnover (income generation) and become more profitable, making it possible for Bereke clients to better support their families, pay for their children’s education and other services, and improve their homes. With the expansion of Bereke clients’ businesses, there has also been significant job creation for mainly low-income women salespersons.

The sustainability of progress towards achieving the outcome seems assured, as Bereke reached the point of financial self-sufficiency in 2004, being able to cover all operating expenses through interest earned on loans; and the organisation is mostly remaining focussed on serving its main target groups: small-scale (mostly women) entrepreneurs, as well as rural businesses and some farmers (although the provision of consumer loans to civil servants is not in line with the target groups). The cost-effectiveness of progress towards achieving the outcome is good, as a large number of clients, their families and employees benefit from Bereke credits at the same time as the organisation continually builds up its credit fund so that it can serve more clients.

4.4.2 Main analysis

4.4.2.1 Overview of current loans status in Bereke

The total number of clients currently holding loans in the Bereke and UNDP credit lines was 3882 as of the end of August 2004. An average of 30,250 KZT (approximately $222) was borrowed by each client during the period 1 January – 31 August 2004. During that period, around 84% of the total amount of money lent from the Bereke credit line was for group loans, while 16% of funds were lent to individual borrowers.

Table 4 shows the breakdown of Bereke’s different loan types.
Loans for trading activities make up two-thirds of all loan funds disbursed, but this share is gradually decreasing. The number of consumer loans in the UNDP credit line has been increasing, now accounting for around one-fifth of all funds lent. Loans for agriculture, services or manufacturing together account for only around 13% of all funds disbursed.

Thirty percent of UNDP credit line clients are in four rural rayons, and 70% are in Semipalatinsk rayon. For the Bereke credit line, 13% are in four rural rayons, and 87% are in Semipalatinsk. Overall, around one fifth of all clients are in rural rayons.

Around 98% of all Bereke clients are women, mostly with average or below-average income. Bereke intends to lower the proportion of women to about 80% of the total, in order to be able to serve a wider range of needy clients in both urban and rural areas. Group loan clients are mostly women—there are only 5 mens groups out of more than 200 groups. Individual loan clients are more than 60 percent women. Most consumer loan clients are women civil servants. In rural areas, there is a higher proportion of male clients.

### 4.4.2.2 Alleviating poverty and raising living standards

The task of assessing quantitatively whether the microcredit project has alleviated poverty and raised incomes is difficult given the scarcity of hard data relating to Bereke clients. Currently, Bereke does collect data on clients’ income over the whole period of borrowing from Bereke, changes in the number of jobs provided by clients’ businesses, and the borrower’s position in the business (e.g. salesperson, stall owner), but no other systematic means are employed to assess the socioeconomic situation of its clients except informal observation of clients’ businesses, and sometimes homes, by credit specialists. However, the current Management Information System does not yet allow aggregate analysis across all clients of income and employment data. Currently, credit specialists just informally observe how the businesses of clients are progressing, through contacts with clients from time to time.

However, despite the scarcity of data noted above, there have been some small studies conducted by or on behalf of Bereke which provide some quantitative data on changes in the economic situation of clients:

- In 2000 a study by Yasushi Tairo concluded that clients on average increased their profit by 4215 KZT over the period of each credit cycle, their wages rose on average by 39.5 KZT per hour, and they often had more personal savings than non-clients.
- A Bereke survey conducted in 2004 of 70 clients found that 87% of clients reported that the profitability of their business had grown, and 13% said that it had stayed the same over the period that they had been taking loans from Bereke (none said it had worsened). Twenty-three percent of clients reported that the number of permanent jobs in their business had increased over the period that they had been borrowing from Bereke (74% stayed the same). (Note: the Director of Bereke estimated during her interview with the evaluators that on average there has been an increase of around 1.5 jobs per client business in addition to the client’s own position).
In 2002 a similar survey conducted by Bereke of around 96 clients found that 49% of clients planned to use Bereke loans to expand their business (while 44% planned to use them to maintain their business at the current level). The 2004 survey found that this figure had increased to 57% of clients, which appears to reflect that clients’ businesses have improved.

The quantitative evidence appears to indicate that the economic position of clients has improved as a result of borrowing from Bereke, although it is hard to know how this improvement compares with similar non-clients of Bereke, as no such data has been collected by Bereke, and this was not possible for the evaluators given the time and budget available. However, the evaluators found that the qualitative evidence also supports the general trends identified by the quantitative data.

As part of this evaluation, the research agency Sange conducted qualitative interviews with 25 Bereke clients. Sange reported that Bereke clients stated that their quality of life had improved on average by 37 percent (ranging from 20 to 70 percent) during the last three years. The Sange survey also reported that clients’ businesses increased their turnover between two and seven times, and their profitability between 10 and 70 percent, since they started borrowing from Bereke.

One cannot, of course, attribute these improvements exclusively to the Bereke loans, but as most clients are the main breadwinners for their families, Bereke credit likely made a significant contribution to their overall improvement in wellbeing (especially if it is taken into account that according to Bereke’s 2004 survey of clients, Bereke credit comprised up to 50% of business capital for 77% of clients, and between 50% and 70% of the capital for 20% of clients).

Interviews conducted by the evaluators with credit specialists as well as clients showed that most clients (mainly women small-scale traders in markets) use short-term loans to increase the quantity, quality and variety of their stock. This is confirmed by the 2004 Bereke survey, which reported that most clients (71%) used their loans to increase their stock range. Better and more merchandise attracts more customers and increases turnover. This is the primary means by which most Bereke clients achieve greater profitability in their businesses. For example, a Bereke client interviewed by the evaluators, who sells shoes in a Semipalatinsk market, reported that Bereke loans allowed him to buy better quality, more expensive shoes which he can sell for a higher profit per unit, and which attract more customers.

CASE STUDY 6

Group borrower
Murat – market trader

Murat was invited by a group of women borrowers at the market to join their group. He decided to take a loan from the Microcredit Project so that he could purchase more stock and offer a better selection of products than his competitors. He is the only man in the group. The group has been borrowing for three years already. Its members have developed a sense of mutual trust and support.

Before joining the group Murat borrowed from a bank but he felt that the lending procedures at the bank required too much paperwork. In addition, he complained that the bank interest rates grow constantly.

Murat’s business is doing well: sales reach 10-15,000 KZT a day (approximately $74-110). He now can afford to buy a wider variety and higher quality of goods for selling. His turnover and profits have increased substantially.

Now Murat is thinking about applying for an individual loan since he needs a bigger amount of money to purchase a car.

Repeated borrowing allows faster expansion of clients’ businesses. According to the 2004 Bereke survey, 40% of clients have been taking out loans with Bereke for more than two years, and 17%—since the UNDP microcredit project began. The Sange survey reported that most interviewees had taken out more than ten Bereke loans, and some as many as 28! Short credit cycles contribute to repeat borrowing, as the loan sums are small and insufficient to make a big impact on businesses in one or two cycles. Analysis of Bereke MIS data shows that between January and August 2004,
most Bereke groups (66%) took out a loan for 3 months, while around 20% took out a loan for 4 months; and around 44% of clients received repeat loans during that period. Credit specialists commented to evaluators that short credit cycles enable clients to vary the size of their loans depending on the season, in accordance with their needs, which is more flexible than banks.

According to credit specialists, most clients (mainly women market traders) have not changed the fundamental nature of their business. This is confirmed by the 2004 Bereke survey, which shows that only 3% of respondents planned to change the sphere of business in which they work. Bereke credit, especially that disbursed as group loans rather than individual loans, is not sufficient to fund major expansions or changes in people’s businesses. Typically, traders have been able to improve turnover and profitability to the point that they can afford to hire salespersons either part- or full-time (on average 1-2 employees per microcredit client), which allowed them to concentrate more on the overall management of the business, including buying more stock, doing the accounting, etc. However, a small number of clients were able to expand their business to several market stalls, and in some cases, open their own shop in another location. The 2004 Bereke survey indicated that 14% of interviewees planned to obtain an additional business.

Some group borrowers have been able to expand their businesses to the point that they can graduate to individual loans provided by Bereke. At the time of the evaluation, 78 women and 45 men had taken out individual loans (not all of them were previously group borrowers, however). These group borrowers-turned-individual borrowers are willing to provide collateral because as a result of developing financial management skills to repay group loans, they feel more confident that they can pay off individual loans. The individual loans allow them to borrow larger amounts, which means that they can expand their businesses more quickly. However, it should be noted that most women borrowers still prefer group loans because of the lower financial risk and the non-material benefits they receive from interacting with others in the group. There are very few cases of women borrowers applying to second-tier banks for individual loans.

Bereke clients reported to the evaluators that part of the profit generated as a result of greater turnover in their businesses was often used for personal needs, education fees for their children, or making large and small purchases for their households. According to the 2004 Bereke survey, around 19% of clients use the actual loan funds themselves for both their business and consumer needs. Naturally, the fungibility of the money generated from the business and of that provided by the loan makes it difficult to distinguish between the two—the salient point is that the extra cashflow or capital frees up a certain amount of money that clients can use to improve the living standards of their families.

CASE STUDY 7

Individual borrower
Zhanar – café owner

In August 1997 Zhanar together with her brother and sister-in-law opened a small shop. Zhanar became a member of a microcredit borrowers group and started receiving credit from the Microcredit project in 1999. In 2002 the family opened a café and hired four staff members. The loans received by Zhanar were used to purchase the equipment for the café—they helped to more quickly develop the business.

Recently Zhanar applied for an individual loan because she needed a bigger amount to purchase a block of land and build a shop and a café in addition to the existing ones. She received an individual loan of KZT 750,000 (around $5515) for a period of 12 months. This covers about 50% of the amount required.

According to Zhanar: “individual loans are better because you depend only on yourself, but in groups you don’t need collateral and don’t notice that interest rates are high because of the short term of the loan.”

Zhanar is considering the possibility of borrowing from a bank at lower interest rates. She likes the Microcredit project system but considers its interest rates to be too high. There is no incentive for Zhanar to
pay off her loan before the time it is due since the interest rates remain the same. She says: “I will still have to pay monthly 4% of the borrowed amount, unlike in some banks where if you pay earlier the interest applies only to the remaining sum”.

**CASE STUDY 8**

**Former group borrower**

Galiya – market trader

Galiya was a member of a borrowers group that experienced a serious problem with loan repayment. This problem prevented the group from further borrowing from the Microcredit project.

The group treasurer experienced financial problems in her family—her daughter was getting married and there was not enough money for the wedding. Unfortunately her business was not going well at that time and she was in great need of additional funds. She tried to solve her problem by borrowing money from the Kodak firm where she worked part time. However, her manager asked her to return the money, threatening to fire her if she didn’t pay off her debt. The treasurer used the funds that the group members had collected to cover her debt to Kodak.

The group members were not aware what was happening until their credit specialist came to visit them at the market. The group has filed a Court case. The Court ruled that the treasurer must pay off the group debt to the Microcredit project; until that is done the group will not be able to receive more loans.

Galiya is not interested in receiving more loans but her colleagues from the group are waiting for an opportunity to continue borrowing.

In the preceding discussion, only positive impacts on poverty and living standards have been identified as a result of clients taking out loans from Bereke. However, there have been some detrimental effects as well. In a very small number of cases, borrowing becomes a burden because a member of the group cannot repay and the other members of the group have to make the repayments instead. Sometimes (but rarely) the defaulting group member never repays the rest of the group and they remain out of pocket (see Case Study 8). In some cases the other group members either cannot or will not cover for the defaulting group member, so the whole group becomes delinquent and is then blacklisted so they cannot receive any further credit from Bereke. However, these cases are very few, and overall it can be said that the group mutual assistance system works well, as long as the members of the group know each other well, have a strong enough sense of responsibility to each other, and trust each other sufficiently.

A less positive aspect of the Bereke project, which was not foreseen, is that clients are becoming too dependent on Bereke for their credit. The original intention of the project was that clients would build up a credit culture, and at a certain point, when they needed larger sums of money for longer periods, they could make a transition to second-tier banks. However, on the whole this transition has not taken place (although the credit culture has successfully developed). As noted earlier, many (especially group) clients keep on borrowing repeatedly, and few even consider going for assistance to second-tier banks, which offer larger, collateral-secured loans at lower interest rates, for longer terms. This means that people who may already be creditworthy, experienced in managing finances and their business, and with potential to expand their businesses further, are underachieving their potential and failing to progress economically in a substantial way.

There are a number of different reasons for this dependence. One is loyalty. Factors influencing this loyalty to Bereke include the interpersonal relationships that clients develop with group members and with credit specialists, the lack of bureaucracy, quick processing of loan applications, and no collateral requirement. Factors inhibiting them from switching over to banks include too much red tape, less friendly and caring staff, the need to pay bribes to get loans approved, delays in the loan approval process, and collateral requirements.
Other factors contributing to dependence on Bereke include the following:

- In many cases Bereke clients are engaged in business not because they prefer this occupation, but because they were forced to find an income as a result of losing their jobs (especially in the manufacturing and food processing industries) after the collapse of the local economy in the wake of the breakup of the Soviet Union. They are therefore not necessarily very motivated to be successful businesspeople, and often just want to be able to provide for their family needs at a satisfactory level (this was a common theme in a discussion group with Bereke clients).

- Bereke clients are often not achieving levels of turnover and profit that would allow them to fund their own business expansion without borrowing.

Although Bereke credit is easy to receive, it is relatively expensive. The effective interest rate for individual borrowers in the Bereke credit line if they borrow for the most common periods of 6 or 12 months is around 28.9% or 27.8% p.a., respectively. For group borrowers, for the most popular loan periods of 3 or 4 months, the effective interest rate is around 40.1% or 37.9% p.a., respectively. While it cannot be denied that the Bereke loans have a net positive impact on the turnover and profitability of clients’ businesses, the high interest rates must have a damping effect on their profits and therefore household income and living standards.

**Conclusion**

Bereke credit has made a substantial contribution to alleviating poverty and raising the living standards of a certain section of the population—mainly women clients with below-average to average income, and their families. Quite a number of jobs have also been generated as a result of expansion of the Bereke clients’ businesses, which benefits a further layer of mainly low-income women salespersons. However, most businesses have not grown to the point that clients can open their own shops or branch out into other businesses, and most clients are unable or unwilling to finance their expansion through borrowing from second-tier banks.

**4.4.2.3 Empowerment**

Some 49% of clients in the 2002 Bereke survey said they would be willing to work in the civil service rather than run their own business if they earned the same amount. By 2004, this figure had decreased to only 37% (with 49% indicating unwillingness), which appears to indicate that Bereke clients feel that running their own business gives them other benefits over and above income. The evaluators found clear evidence, as a result of group and individual interviews with Bereke clients and credit specialists, that Bereke clients are empowered in a variety of ways by being involved in the Bereke microcredit scheme. Many common points came out relating to empowerment, and are elaborated below.

Many women (and men) clients found that running a small business helped to develop their own potential as individuals. Previously most clients had been civil servants or factory employees, in a work environment in which they had little scope to make their own decisions. However, running a small business meant that they had to make such decisions as how much money to keep in reserve for stock purchase, what stock to purchase, where to sell it, how to present it, whether to employ salespersons, etc. Obtaining credit from Bereke required clients to plan how to ensure that they would earn enough to meet repayments on the loans and have enough surplus to maintain and expand their business. They were also conscious that the wellbeing of their family depended on their efforts to make the business a success. With many women’s husbands unemployed, they had to take on greater responsibility for supporting their families.

As a result of success in running their business and repaying their loans, women clients especially became more confident in their own abilities and gained greater self-esteem. Many Bereke clients became the main breadwinners in their family, which increased their authority in, and gained the respect of, their family and community. According to a group discussion with three credit groups conducted by the evaluators, in many cases under- or unemployed spouses and other dependants came to actively support Bereke clients by becoming more involved in the business, which helped
to restore to these other family members an active role in their family, and relieve lethargy and depression. Joint activity helped to make families more close-knit.

Not all of the impact of improved business was positive for women, however. In addition to running more demanding businesses and generally being busier, many women are still having to do many of the household tasks as well, so they often have a greater work burden than before. This is especially a problem when other family members do not help to share the home or business workload. Business competition is getting tougher as well, with the number of small businesses in Semipalatinsk constantly expanding, and customers becoming more discerning and demanding, which makes their business harder to run and therefore more stressful.

The experience of borrowing in a group was overwhelmingly positive for most women, and for most, the preferred option. Apart from the practical advantage of not having to provide collateral for group loans, they received many other, more intangible benefits. As a result of borrowing in a group, women developed more social networks. Group members in most cases developed good friendships with each other, meeting socially and inviting each other to special occasions. Group members could also exchange experience and give advice to each other on how to conduct their businesses. The Bereke requirement that group members take joint responsibility for repayments increased members’ trust in each other and increased all members’ sense of responsibility to others—when they kept up their commitments to each other (in the great majority of cases).

A good credit culture was built up among Bereke clients, which will make it easier for them to borrow from other financial institutions in the formal sector should they wish to in the future. They are able to plan their finances well and meet repayments on time, and they understand the importance of credit for building a business more quickly. However, as described earlier, most clients (especially group borrowers) are failing to take advantage of the opportunity to borrow from banks, for various reasons.

**Conclusion**

In general, Bereke clients have been empowered to take responsibility for their own lives and that of their families through the successful development of their business with the aid of microcredit. They have developed useful skills in financial management, business planning and management, and built up a credit culture which will serve them well should they wish to borrow from second-tier banks. They have developed greater self-confidence and self-esteem, trust in and responsibility to others, as well as social networks. However, to some degree the success of women clients’ businesses is contributing to greater stress and workload, especially taking into account the fact that in most cases, they still have to carry out many of their traditional household tasks.

**CASE STUDY 9**

**21st Century Group**

**Market traders**

This group of five women market traders has been borrowing from the Microcredit for Women Project for four years. All group members are from neighbouring markets; two of them are widows with children.

They started borrowing at $25 and increased their loans to an amount equal to several hundred dollars (loans are provided in KZT). They have never borrowed from banks and do not know bank loan procedures but they know that some of their fellow traders have not been able to meet the bank requirements.

When group members receive loans they leave 10% of their loans in a special reserve account at the bank. This helps them to feel more secure, in case they have any problems making loan repayments. They have been able to increase their turnover, and now can afford to purchase and sell more expensive goods.

The ladies enjoy being in the group, communicating with each other, and helping each other when needed. Every time they receive loans they celebrate together in a café.

Four days before loan repayments are due, the group members gather together to collect money and discuss issues of concern. In the past some members of the group have experienced problems with loan repayments but now they are able to meet the requirements. However, the group would be pleased if the Microcredit Project lowered its interest rates.
4.4.2.4 Influence of project outputs and other factors on the outcome

A number of key factors have contributed to achieving the above outcomes. Among the factors impacting positively on the outcome are the following:

**Appropriate market niche.** Semipalatinsk City’s economy is dominated by small traders, who are mostly women of average or below-average income who cannot easily get credit from banks. Bereke achieved growth and reached financial sustainability mainly based on working with these clients. No other financial institutions are serving this clientele to any substantial degree, which means that Bereke has a clear market niche and has therefore provided opportunities to clients which were not available to them before. Now this core client base is helping to subsidise expansion into rural areas, where banks do not operate, to serve small entrepreneurs and farmers.

**Professional and interpersonal skills of Bereke credit specialists.** Clients feel they can trust and rely on the credit specialists, and often request informal advice on aspects of how to manage their finances and develop their business. All clients interviewed expressed their admiration and appreciation of their credit specialists. Even a local microcredit competitor, the Asian Credit Fund, noted that the specialists really care about their clients. This human factor has a great impact because it attracts and retains clients, developing a custom and practice of borrowing.

**Credit type and service.** Clients commented on the advantages of short-term credit, due to the seasonality of their business, which allows them to meet urgent needs and repay debt quickly, minimising the total amount of interest. Group borrowing without collateral is also very convenient to borrowers, as it increases availability of credit when clients would not have sufficient collateral; minimises the risks of borrowing to individual clients; and reduces default, which enables clients to apply for more loans. Fast service and minimal red tape in processing loan applications ensures that loans are received when clients most need them.

**Effect of competition on second-tier banks.** Banks in Semipalatinsk are now more flexible with their lending policy than before, as a result of competition from the microcredit institutions, including Bereke. They are now allowing clients to borrow smaller sums, at lower rates of interest, and in some cases without collateral. At first banks were very sceptical about non-collateral loans, but after they saw the success of Bereke’s non-collateral scheme, they decided in 2002 to change their policy. This is benefiting small and medium entrepreneurs in Semipalatinsk in general.

A number of UNDP outputs contributed to achieving the outcome. Key among them was the injection of new microcredit capital totalling $450,000 into the project, enabling Bereke to expand its client base to the point that it could achieve operational sustainability and thereby contribute long-term to the alleviation of poverty and raising living standards in the Semipalatinsk region. A $150,000 grant was also provided to purchase and repair the new Bereke building, and necessary office equipment and software.

Related to the above aspect, the maintenance of the UNDP funds as a separate credit line within Bereke, which according to the project document agreed with the Kazakhstan Government is intended to “empower women of the Semipalatinsk region and to alleviate poverty by providing micro credits to entrepreneurs who do not have access to traditional sources of financing”, allows greater flexibility in the type of loan provided and the target groups (e.g. consumer loans provided to civil servants with their salaries used as security, credits to farmers who are not registered as businesses). In contrast, the Bereke credit line can only be provided to entrepreneurs, according to the Kazakhstan law on microcredit organisations.

The regular informational seminars which are organised for potential clients (new groups) help to ensure that they understand Bereke’s main objectives (alleviating poverty and raising living standards), how to work as a group, the roles of group members, etc. Credit specialists also provide some training to clients in profit and loss accounting so that they can track the progress of their business and meet repayments.

A number of factors which are lessening the achievement of the outcome are described below.

**Lack of business skills and training.** In most cases Bereke clients do not have the necessary advanced business skills and training in business planning, management, marketing, etc, that
would give them the confidence to do business at a higher level of complexity and sophistication. Most clients are not really changing the nature of their business very much—just increasing turnover, or points of sale. Bereke limits its training/advice mainly to the basics of financial management and accounting necessary for clients to keep track of their finances and meet their repayments. Bereke has not conducted any training needs assessment of clients to ascertain what other skills and knowledge they need, to more successfully conduct their businesses. Bereke is also not providing or arranging such training for its clients, and few Bereke clients are attending training organised by the Business Advisory Centre.

**Loan capital.** Bereke cannot satisfy the credit needs of all clients and potential clients, because it does not have enough capital. This is limiting the number of people in Semipalatinsk region who can benefit from Bereke credit. Long-term repeat borrowing by some clients is limiting the ability of Bereke to offer credit to all eligible potential new clients.

**Geographical reach.** Bereke is only serving four rural rayons closest to Semipalatinsk. Other more distant rayons are not able to access Bereke credit.

**Consumer loans.** The provision of consumer loans to civil servants (mainly teachers and hospital workers) only offers temporary financial support for urgent expenditure, rather than expanding clients’ capacity to generate income. Providing credit for this purpose may help to temporarily improve clients’ quality of life, but the extra debt burden does not improve their overall economic situation.

**Conclusion**

Bereke is able to effectively contribute to the alleviation of poverty, raising of living standards and empowerment of its target groups through a combination of appropriate identification of its market niche, professional service, and credit products targeted to client needs (although consumer loans are questionable in terms of their long-term impact). However, inadequate training of clients in business skills is limiting their potential for greater business expansion, loan capital is insufficient to meet all market demand, and Bereke is not yet reaching many rural areas where the need for poverty alleviation is more acute.

UNDP’s main contribution to the outcome during the second phase of the Microcredit project was the provision of $450,000 of new loan capital, its maintenance as a separate credit line which can be utilised for targeted poverty alleviation interventions, and financing the purchase and renovation of new office premises through a $150,000 grant to Bereke.

### 4.4.2.5 Project partnership strategy

The evaluators found from interviews with partners and competitors that within Semipalatinsk City, Bereke is well known and respected. These entities included competitors such as Asian Credit Fund, EBRD Kazakhstan Small Business Programme, and Alkha microcredit organisation; the Akimat SME Committee and External Relations Department; the Employment Centre; Zhastar Business Incubator; market traders. However, outside Semipalatinsk region, Bereke is not known among representatives of other major microcredit organisations interviewed, except by Kazakhstan Loan Fund, which has often invited Bereke staff to training, and participated in regional or national conferences and meetings with Bereke. Among donors interviewed, only USAID Enterprise and Finance Section knew of the project, after meeting the Bereke Director at a regional microcredit conference.

In general, Bereke operates fairly independently of other organisations in Semipalatinsk, and partnership is largely of an information-sharing nature. The main exception to this is the relationship Bereke maintains with CentreCredit Bank, which disburses loan funds to Bereke clients. Some capacity building was achieved through CentreCredit Bank staff being trained in how to deal with Bereke’s microcredit clients, and their lending procedures. Among competitors in Semipalatinsk, Bereke has a working relationship only with Asian Credit Fund, which mainly consists of exchange of information on problem clients and mutual referral of clients. There is no real cooperation between Bereke and the EBRD Small Business Programme, as they compete for similar clients.
In terms of relationships with local government bodies, the City Akimat provided office premises and furniture until 2004, when Bereke moved to its own building. The SME Committee and External Relations Departments have occasionally referred starting entrepreneurs to Bereke, and Bereke has provided the SME Committee with regular statistical reports on loans provided. They also do joint promotion of SME or credit issues in the media from time to time. The Akimat or Maslikhat have invited Bereke to hearings on microcredit or SME issues. Rayon and village Akimats have helped to promote the use of microcredit in rural areas, and helped to organise meetings between credit specialists and potential borrowers.

Bereke has a limited amount of cooperation with the other UNDP projects in the Semipalatinsk Programme. Bereke credit specialists for a time used to travel to rural areas with Small Grants staff to promote microcredit, but because people started to confuse grants and microcredit, this practice was discontinued and credit specialists now make their own visits to rural areas, mostly to areas where small grants are not provided. As regards cooperation with the Business Advisory Centre, some Bereke staff have received training and advice from the BAC, on such issues as changes in accounting procedures and tax law, legal issues, preparation of business plans, business development. Bereke staff have also made use of the Jurist legal database at the BAC. The two organisations also occasionally refer clients to each other. A few Bereke clients have attended training or seminars organised by the Business Advisory Centre, such as the training, Start and Improve Your Business. Bereke staff received the booklet Guidelines for Assisting New Entrepreneurs from the BAC and distributed it to some of their clients. However, there is no large-scale referral of Bereke clients to the BAC for training, and no special courses have been designed by the BAC for Bereke clients.

As far as the NGO community is concerned, in the early stages of development (1997-98), Bereke organised informational seminars and training for different NGOs about its microcredit activities, but as NGOs were not very well established, they did not make strong partners, and there was not enough in common to maintain a long-term relationship. However, Bereke still attends regular meetings convened by the City Akimat External Relations Department to exchange information and views with other NGOs. Bereke management is also a member of the small grants committee of IRIS.

Outside the Semipalatinsk region, Bereke and the Kazakhstan Loan Fund in Almaty regularly exchange information with each other about operational methodology, which is very useful for capacity building. Bereke staff have attended training by KLF in Taldykorgan on several occasions, since 1998 and most recently in September 2004. They have also been trained by UNDP’s Atyrau microcredit project adviser. Bereke staff have also attended training on agricultural credit by Winrock International in Karaganda and Almaty, and attended courses by the Polish microcredit training centre in Almaty, Dushanbe, and Lvo. Bereke is also actively involved in the Association of Kazakhst an Microcredit Organisations, providing input into policy issues affecting microcredit organisations (an advocacy role).

Conclusion

Overall, Bereke’s partnerships with other organisations are relatively weak, with the exception of the Kazakhstan Loan Fund and the Association of Kazakhstan Microcredit Organisations. Training by KLF and other organisations has helped to build the capacity of credit specialists to better serve their clients, as well as develop new forms of credit which serve a wider range of target groups, such as civil servants, rural entrepreneurs, and farmers. This training is the main aspect of partnership which has had a significant impact on achievement of the outcome of poverty alleviation and living standards. Links with NGOs are largely of an information-sharing nature. There is little coordination of Bereke’s activities with the Business Advisory Centre or Small Grants Project, and the relationship with the City Akimat is weakly developed. Relationships with village and rayon authorities are the most productive in terms of contributing to alleviation of poverty and raising living standards, as these authorities help to identify potential clients and promote the microcredit scheme to relevant community members. Bereke has made little use of partnerships for the purpose of raising awareness of the project or mobilising resources.
4.5 Overall partnership strategy of UNDP Semipalatinsk Programme

Inter-project partnership within the UNDP Semipalatinsk Programme

In general, no systematic partnership strategy was established between the three projects. Collaboration between the projects was informal and ad hoc, and based on the pressing needs of each of the projects for information, training or advice. The potential for collaboration was perhaps constrained by the selection of different target groups for each project in the Programme.

There were no regular joint meetings of project managers and the Programme Manager, so it was difficult to coordinate plans and activities together. The evaluators consider that, given that the three projects were intended to be part of an integrated programme, this lack of coordination was inappropriate and reduced the effectiveness of the programme, especially in terms of promoting joint advocacy activities, raising awareness and mobilising additional resources.

Specific examples of inter-project collaboration have been described in the analyses of each individual project, earlier in this section.

Partnership of the UNDP Semipalatinsk Programme with external organisations

The partnerships of individual projects in the UNDP Semipalatinsk Programme with external organisations were discussed in detail in the individual project analyses earlier in this section. We will now deal briefly with the partnership strategy of the UNDP Semipalatinsk Programme as a whole.

The evaluators were unable to identify any systematic partnership strategy that the Programme Management had developed with external organisations. Also, no formal mechanisms of collaboration were established at the Programme level with government structures, civil society organisations, educational institutions or the private sector. Relationships with external organisations were informal and ad hoc, based on particular needs when implementing activities such as promotional events or organising publicity for the Programme. The evaluators consider that this was unfortunate, as there was potential for lessons learned and best practice to be shared from the Programme and from other organisations working in similar fields, and for a wider discussion to be initiated and maintained among these different actors on different approaches to poverty alleviation and how to develop a regional strategy for poverty alleviation.

The most important partnership for the Programme, that with the Semipalatinsk City Akimat, was relatively limited. The Akimat provided premises and some equipment for the projects as part of the Government contribution to the Programme; however, the Akimat had no real input into the Programme management. The involvement of the Deputy Akim for Social Affairs in the UNDP Semipalatinsk Programme as National Director was largely symbolic, because in fact he has had no practical role in the Programme except to sign off on budgets and workplans, financial reports, etc, and to monitor Annual Progress Reports. The evaluators are of the view that this type of superficial involvement by government counterparts in Programme management had limited value for both parties. However, from time to time the Akimat did participate in formal and informal meetings with UNDP Programme Management.

The main involvement in the Programme on the part of the Akimat was by the External Relations Department, which provided input into the writing of the Programme’s original project documents, attended trainings and seminars of the BAC and Small Grants Projects, organised regular consultative meetings with certain NGOs, and participated in the Small Grants Committee. The External Relations Department was an enthusiastic and willing participant in project activities, but its assistance to the Programme as a whole was limited. Its main contribution was in the area of helping to disseminate information or raise awareness of Programme activities among those organisations and individuals with whom the Department has relationships. The evaluators do not believe the partnership with the External Relations Department made a significant contribution to the achievement of the Programme outcome.

The original Deputy Akim was replaced during the implementation period of the Programme, which resulted in loss of continuity.
The partnership with the City Akimat appears to have been limited by being concentrated too much on the External Relations Department. Of course, in terms of protocol, the External Relations Department is the channel for relations with the Akimat by external organisations; however, its sphere of activities is mainly limited to information sharing and coordination of public events, and it does not make important policy decisions or control large financial resources. It mainly interacts with the NGO community. The key departments with a direct relationship to the three UNDP projects, in terms of the programmes they implement, were the Agriculture Department and SME Committee. However, these entities were not very open to collaboration on their programmes, or even sharing information about their activities; therefore the avenues for cooperation were quite limited. UNDP Semipalatinsk Programme Management did not manage to break through this barrier to develop these potentially very important relationships, and this task was not delegated to individual Project Managers, making it difficult for them to develop effective relationships with the Akimat. It is difficult for the evaluators to assess whether the barriers to cooperation were insurmountable, or whether with the assistance of the Small Grants and BAC Project Managers and some concrete areas for cooperation, a breakthrough might have been made.

Overall, the partnership with the City Akimat, particularly the Agriculture Department and the SME Committee, needed more development in order to enhance the impact of especially the BAC and Small Grants projects on the achievement of the outcome. For example, if the Small Grants Project had been able to develop strong ties with the Agriculture Department, it might have led to greater and more systematic cooperation on Aul Programme implementation, introducing a more participatory, community-based approach. Greater BAC cooperation with the SME Department might have led to capacity building of SME Committee staff which could have helped them to provide more practical assistance to entrepreneurs in developing their business.

Given the focus of the UNDP Semipalatinsk Programme on the whole region around the former nuclear testing zone, stronger relationships also needed to be developed with the Karaganda, Pavlodar and East Kazakhstan oblast Akimats. This might have helped to raise awareness, especially of the Small Grants Project approach to community mobilisation and poverty alleviation, which might have established greater potential for co-financing and sustainability of the Project. Too much emphasis on the Semipalatinsk City Akimat partnership meant that especially many rural areas had no potential for ongoing support because the City Akimat only has jurisdiction over Abai Rayon.

Overall, while the evaluators understand the constraints on developing relationships with the Semipalatinsk City Akimat and other oblast Akimats in the region, we believe that these partnerships were potentially vital to ensure the highest likelihood of adoption and continuation of successful poverty alleviation practices developed by the UNDP projects. These partnerships were only weakly developed, if at all, by the UNDP Programme, and were therefore in our view not very effective.
5 RECOMMENDATIONS

5.1 Recommendations/lessons learned for enhancing impact of future donor assistance to the region

Semipalatinsk region has a range of development issues which need to be addressed in order to effectively alleviate poverty and raise living standards. The oblast and city Akimats, in coordination with the Kazakhstan Government, need to develop a clear strategy for addressing these issues, and allocate funds to implement it, which can be supplemented by donors. Special emphasis needs to be placed on assisting the regeneration of rural areas in the region. Donors are now requiring greater political and financial commitment from the Kazakhstan Government before they are ready to commit more funds to the region.

In Semipalatinsk City there seems to be a lack of real consultation and collaboration on the part of the City Akimat with other actors such as NGOs, donors, educational institutions and the private sector to resolve important development issues. This situation needs to be rectified through the development of effective mechanisms for consultation and for joint implementation of targeted development programmes and activities. There is a role for donors in sharing international experience as well as experience from other areas in Kazakhstan (e.g. UNDP’s poverty alleviation coordination experience in Kyzylorda) to help develop such local mechanisms. The creation of, for example, a regular Poverty Forum / Working Group involving these different sectors of Semipalatinsk society, could be a useful mechanism to seek solutions for poverty alleviation and raising living standards. Such a forum might become a useful tool in itself for advocacy, awareness raising, mobilising resources, building local capacity and expanding collaboration between actors which otherwise might come into little contact with each other.

It is important to keep local government staff well informed and sensitised as to the aims of the donor intervention, as well as involve them directly in a meaningful way in the project implementation process, in order to enhance the prospects of local government adoption of best practice and provision of financial and human resource support for ongoing project activity. The Small Grants Project’s involvement of City Akimat representatives in the Grants Committee, and of rayon and village Akims in PRAs and other aspects of grant project implementation, were good examples of such cooperation. The Business Advisory Centre’s involvement of Tax Committee and Customs Department staff in training sessions and meetings with entrepreneurs was another quite good example. However, these efforts at collaboration did not go far enough, as no mechanisms for sustainability were developed in these projects, which might have been at least partially achieved through collaboration with the City Akimat. The Microcredit for Women Project did not need the participation of local government for achievement of sustainability, but could have helped to raise awareness of the advantages and disadvantages of their approach to microfinance if they had shared their experience with, for example, the SME Committee.

Sustainability must be made a key objective of donor projects from the very start. A clear, realistic and achievable action plan and timetable for achieving institutional and operational sustainability needs to be established before starting a project, and early and continuous efforts need to be made to implement it, with flexibility for adjustments as necessary. Otherwise the impact of projects is fleeting and may be counterproductive, raising expectations or hopes which can subsequently not be satisfied. In terms of the UNDP experience in Semipalatinsk, the Small Grants Project in particular is in great danger of having this effect unless it can be continued and a mechanism found for its sustainable continuation in some form (even if has to be scaled-down). The Microcredit for Women Project is the most successful example in the Semipalatinsk Programme of planning for sustainability, and practical implementation of that plan.

The evaluators would also recommend, where appropriate, the establishment of social enterprises to support future donor projects in the region, which can generate revenue streams to subsidise activities and enhance the sustainability of projects which by their nature generate no or insufficient revenue to be sustainable. (Social enterprises are businesses which are run on commercial principles, but are owned by not-for-profit organisations which use the profits to meet
social needs). In the case of the current UNDP Programme, the Small Grants Project could, for example (if Kazakhstan legislation allows it), operate a charitable lottery which could be used for community grants; or the BAC could provide computer training, language classes, temping and/or leasing services, for example.

The evaluators recommend that before carrying out a project which is focussed on achieving an outcome, a baseline survey must be conducted, and outcome- rather than output-focussed indicators must be established and regularly measured from the beginning of the project and throughout the implementation process. Without doing this, it is not possible to adequately and authoritatively monitor and evaluate the level of achievement of the outcome as a result of project / programme implementation, and to change project implementation approaches in response to the results being achieved. No baseline study was done and no outcome-based indicators were established for the UNDP Semipalatinsk Programme, which made assessing the impact of the projects on the outcome very difficult.

5.2 Recommendations relating to using a programme-based approach

For programmes such as this, involving a number of projects, a Programme Document instead of—or in addition to—separate project documents should be produced which clearly spells out how the projects should be managed and coordinated to achieve common outcomes. The UNDP Semipalatinsk Programme was not really designed and implemented as a Programme but as three separate projects, not closely related to each other, which had a low level of coordination together.

For future such programmes, the evaluators would recommend a more collegial decision-making and information sharing process for matters relating to overall programme management and coordination, with regular planning and coordination meetings between Project Managers and Programme Manager. With regard to relationships with external partners (especially the main government counterpart), there should be strong coordination between Project Managers and Programme Manager for discussions on issues relating to the programme as a whole as well as those relating to individual projects.

For projects designed as part of an integrated programme, the evaluators would recommend, where practicable, that certain common target groups and geographical areas be clearly identified for all projects in the programme, and that different interventions be designed which complement each other in dealing with different aspects of the desired outcomes for those same target groups, in order to maximise the ability of projects to work together to achieve the outcomes. Poverty alleviation, raising living standards and empowerment are multi-faceted issues which require comprehensive and integrated solutions. Dealing with one aspect of poverty alleviation without dealing with other aspects will only partly solve the problem. In some cases, the UNDP Semipalatinsk Programme projects had similar target groups (e.g. the BAC and Microcredit projects both targeted starting entrepreneurs) but because they did not have planned common activities, they largely failed to capitalise on the opportunity to deal in a more holistic way with project clients.

In future such programmes, recognising that not all projects can be fully sustainable in themselves, the evaluators would recommend a certain amount of cross-subsidisation between projects as an option to be considered, in order to ensure a greater chance of unprofitable or non-revenue-generating activities in other projects being continued (only if these activities effectively serve important objectives of the programme). For example, in the UNDP Programme, the Microcredit for Women Project, as a revenue-generating institution, could subsidise some of the operational costs of the BAC such as staff training or purchase of business literature and software, or cost-share business training for its microcredit clients. This would benefit both Bereke clients and those of the BAC. Also, or alternatively, the microcredit project could, for example, contribute a certain amount of funds every year to the Small Grants Project for community grants which focus on developing social enterprises.
5.3 Replication of UNDP Semipalatinsk projects in other regions of Kazakhstan

The Microcredit for Women Project has shown success in achieving the outcome and doing so in a sustainable way, therefore this project is recommended for replication without major modification. The Small Grants Project approach has shown promise, but a good model for achieving sustainability of the grant funding mechanism and institutional strengthening of CBOs and NGOs needs to be developed before the evaluators would recommend it being implemented in other regions. Similarly, the Business Advisory Centre Project needs to develop a replicable model for sustainability before it can be adopted elsewhere in Kazakhstan.

5.4 Specific project-related recommendations

UNDP has demonstrated the value and effectiveness of small grants and microcredit for poverty alleviation and raising living standards in the region, and given more time, will likely demonstrate the same in terms of SME business advisory services. There is now the need to share experience and lessons learned with the city and oblast Akimats (through workshops and discussions, preparation of discussion papers, etc) and make efforts to obtain their support for further development of these projects.

Key recommendations relate to achieving sustainability in two of the UNDP Semipalatinsk projects:

In the case of the Business Advisory Centre Project, charging for services and registration as an NGO were introduced very late, and no alternative income sources were established, allowing insufficient time for sustainability to be achieved. In the BAC case, the time frame allowed for achieving sustainability was probably too short, especially given the problems arising out of a complete change of project staff. If such an action plan can still be developed for the BAC, the evaluators recommend a further 1-2 years of support for the Business Advisory Centre (now the NGO Kenes), with gradually decreasing financing as the BAC develops alternative income streams (e.g. from leasing).

Similarly, the Small Grants Project aimed to achieve a level of community mobilisation that would continue to generate community-based initiatives and would lead to the growth of NGOs. Mobilisation was in large part achieved, but few—if any—sustainable organisations were created. More needs to be done to ensure that these achievements were not in vain. Alternative sources of funding for community grants need to be developed (e.g. the City and Oblast Akimats, the Aul Programme, the private sector, charitable donations / lotteries), plans should be made to transform the Grants Committee into a legal entity (e.g. in the form of a Public Foundation involving members of the public, NGO representatives, Akimat and private sector representatives), and there needs to be a follow-on phase for building the institutional strength of CBOs following their initial mobilisation (e.g. in cooperation with Counterpart Consortium’s Community Action Grants scheme and Civil Society Support Centres in Pavlodar, Ust-Kamenogorsk, Karaganda and Semipalatinsk). There is a high risk that the tangible gains that have been made in mobilising CBOs, and thereby achieving poverty alleviation and empowerment, will be largely lost unless such aspects can be developed. The evaluators recommend that donors support the Small Grants Project for 2-3 more years in order to build on the project’s achievements, and develop a sustainable structure for its continued operation, which includes a sustainable mechanism for funding community initiatives that in the near future will not be reliant on international donors. However, this should only occur on the condition that the Kazakhstan Government or the Semipalatinsk authorities make a commitment to provide a steadily increasing share of grant funds.

In the case of the Microcredit for Women Project, a plan for achieving sustainability was developed and enough time allowed to achieve it. The evaluators thus have no recommendations relating to this aspect of the project.

Below are some further, specific recommendations for each project in the UNDP Semipalatinsk Programme. While the recommendations relate specifically to these projects, many of the recommendations would be relevant to similar such projects both in Semipalatinsk and in other
regions of Kazakhstan. These recommendations stem from the positive and negative lessons learned from the three UNDP projects

**Small Grants Project**

1. It is important to **involve as many people as possible in the process of identifying priority needs** (Participatory Rapid Appraisal). A quite common practice was for Akims or elders to propose their own ideas and seek support from the community, rather than really promoting consideration of different alternatives proposed by the general population. Small Grants Project staff or partner NGOs should be directly involved in the PRA process to assist this process. In the PRA process, it is important to emphasise to participants the selection of initiatives which involve a wider section of the community in planning and implementation, and to ensure that the participants understand the goals of alleviating poverty, raising living standards and achieving empowerment.

2. If the Small Grants Project continues, the evaluators would recommend that the Grants Committee should **put more priority on funding initiatives which have a high degree of sustained, long-term community participation, at the same time as alleviating the poverty and raising the living standards of a wide section of the community.** In our view, too high a proportion of grants were provided for projects which were implemented by a small group of people (often just the initiative group members), and did not involve much sustained joint effort to achieve the result (e.g. purchase of medical equipment). Such an emphasis would ensure that there is greater building of social capital (and empowerment) in communities and therefore promotion of active solution by communities of their own problems.

3. It is crucial to **motivate community members to voluntarily contribute to a grant project** (both monetarily and in-kind) to ensure a greater sense of project ownership and achieve greater project sustainability. Co-financing and voluntary labour by local communities helped to magnify the effect of projects and gain greater community ownership, promoting increased sustainability and therefore longer-term impact.

4. The Grants Committee should focus more on selecting projects which can have a **multiplier effect** (e.g. infrastructure projects, water supply projects, pedigree bulls projects, renovation of cultural and sports centres). These types of projects were in the view of the evaluators the most successful in achieving the outcome.

5. Initiative groups should be required to place greater emphasis on **community awareness-raising activities** to ensure that beneficiaries understand a grant project’s purpose and the benefits it will bring to the community. This will help to promote greater community participation.

6. Grantees planning especially social enterprise or technical projects require **technical and business advice** to help to ensure successful planning and implementation. Qualified experts need to be available for this purpose. For example, services that they could provide might include business planning and management, technical advice on equipment needed for project implementation, market research, and budgeting, among other things.

7. Enterprises created through small grants should be required to **allocate all, not just some, of their profits for providing social services** (after deduction of wages/honorariums), to ensure that maximum benefit to the community, rather than to specific individuals, is obtained.

8. Enterprises created through small grants should also be advised and assisted to **register as NGOs, or as farms** if the nature of their activity suits, rather than operate as private businesses, as these types of entities currently enjoy tax advantages. Some starting social enterprises have been rendered financially unviable due to high taxes and have had to be stopped (e.g. a school-based hairdressing shop and the sale of handicrafts in Toktamys).

**Business Advisory Centre Project**

1. The BAC needs to **broaden its client base** to achieve greater sustainability. Currently, the BAC serves mainly starting and small-scale enterprises which are sole operators or have only
a few staff, concentrating on accountants and individual entrepreneurs. These clients have low capacity to pay for services. Inclusion of more clients who can afford to pay for services, such as entrepreneurs from medium-sized enterprises, and even some large enterprises, will probably be necessary to enhance the sustainability of the BAC.

2. To achieve full sustainability the BAC will probably need to develop an **additional, profitable income stream**, in order to subsidise its unprofitable activities (training and consultations to SMEs) which need to be maintained to meet its primary objective of alleviating poverty and raising living standards. One idea that the BAC has considered is the provision of Leasing services, which, although it requires a substantial initial investment, the evaluators believe could be a viable option. We recommend that this or similar social enterprise options should be seriously considered by UNDP, and resources mobilised, in order to make the BAC sustainable. Without such activities, the BAC will not be able to continue providing free or heavily subsidised services to the original target groups (SMEs), and will be forced to provide services for larger clients instead, which will betray the original intention of the project.

3. The evaluators recommend that the BAC should **expand the range of services** it provides, to attract a wider range of clients and have greater impact on the enterprises served. Although it is understandable that some specialisation is needed given the small number of staff and the need for operational efficiency, there is, for example, a need to provide simple, practical training adapted to the needs of small businesses, on topics such as business management, market research, customer service, product presentation, marketing.

4. The BAC needs to adopt a more **systematic, regular means of information sharing** (e.g. email update, newsletter), which is accessible to all potential clients. Promotion of BAC services has been limited, which meant that only a small proportion of potential clients were aware of the services available.

5. There remains a real need to **develop an effective mechanism for information and experience exchange**, discussion of common problems and solutions, and lobbying on behalf of SMEs in Semipalatinsk. The evaluators believe that the BAC has sufficient neutrality and standing among small and medium entrepreneurs to establish and coordinate an SME Association, supported by membership fees. The BAC could provide specific services for SMEs in such an association as well (training, consulting, accounting and legal services).

6. The evaluators recommend that much greater efforts should be made by both Bereke and the BAC to **develop BAC services for Bereke clients**, as these clients are generally not learning much about new approaches to doing business or developing new types of business, and have great potential to benefit from BAC training and advice. Bereke could do a lot more to promote their clients’ use of such services, and even subsidise their attendance. These clients are part of the key target market of the BAC, and due to the availability of microcredit, have potential to develop their businesses faster, with appropriate training and advice.

**Microcredit for Women Project**

1. Long-term repeat borrowing by some clients is limiting Bereke’s ability to offer credit to all eligible potential new clients. The evaluators recommend **establishing a limit on the number of times clients can borrow, or at least a stand-down period after a certain number of loans, during which time they cannot borrow from Bereke** (e.g. 6-12 months), to give them greater incentive to move on to second-tier banks or other microfinance sources and/or develop their business to a level sufficient to finance their own expansion.

2. Most clients (mainly women market traders) have not changed the fundamental nature of their business. For some clients, this situation is entirely satisfactory, as they are not necessarily very motivated to become highly successful businesspeople, and often just want to be able to provide for their family needs at a sufficient level. However, for some clients, insufficient credit and weakly developed or narrow business skills are limiting their ability to expand their business and conduct their business at a higher level of complexity and sophistication. Thus, the evaluators recommend that Bereke do the following:
• Conduct a **training needs assessment** of their clients on a regular basis.

• Create **training opportunities for Bereke clients** to attain essential skills in business planning and management, market research, marketing, customer service, tax management, etc, according to clients' individual needs. The BAC should be contracted to provide these services.

• Provide clients more information and assistance in graduating to second-tier banks or other microfinance services which offer larger loan sums for longer periods.

3. The provision of consumer loans to civil servants (mainly teachers and hospital workers on fixed incomes) only offers temporary financial support for urgent expenditure, rather than expanding clients' capacity to generate income. The evaluators recommend that **Bereke reassess whether this type of loan contributes to Bereke's objectives of poverty alleviation and small enterprise development, and whether or not to continue this type of loan provision.** If Bereke opts to continue this service, we recommend that, since loans to civil servants carry a low risk due to the group guarantee, Bereke should lower the interest rates on these loans to relieve clients' debt burden.

4. The high interest rates for individual and especially group borrowers have a damping effect on client profits and thus household income and living standards. Although the evaluators recognise that Bereke needs to charge a premium on interest rates in order to increase the number of clients and carry out its intention to expand into more rural areas, this necessity has to be balanced against the impact high interest rates have on existing clients. Currently, many banks are adjusting their loan policies and lowering interest rates to attract more clients, and Bereke, to remain competitive, will also need to adapt accordingly. The evaluators therefore recommend that Bereke **decreases its interest rates on individual and group loans and makes them more responsive to a client's credit history, repayment record, etc.** The evaluators also cannot see a justification for group loans to be more expensive than individual loans, as the group guarantee is even more effective than a collateral requirement in ensuring repayment.

5. To some degree the success of women clients' businesses is contributing to greater stress and workload, especially taking into account the fact that in most cases, they still have to carry out many of their traditional household tasks. The evaluators recommend that Bereke conduct **gender awareness training** for families of Bereke clients, including the issue of the double burden of labour for women.

6. In order to expand Bereke’s credit reserves and allow more clients to be served, the evaluators recommend that Bereke **apply for government investment through the Kazakhstan State Microcredit Programme for 2005-2007,** if Bereke meets the Programme criteria.
6 LESSONS LEARNED, BEST PRACTICE

6.1 Lessons learned

The main lessons learned from the experience of working towards the outcome of poverty alleviation and raising living standards, which may have general application, are as follows:

1. Projects should probably only be implemented which have a real prospect of sustainability—i.e. there is a high probability of project activities being continued by local authorities, NGOs or other structures, and of funds and other resources being obtained. For continuation to take place, there must be a clear exit strategy, with a specific partner or a sustainable organisational structure to hand over to, and concerted efforts made from an early stage of project implementation to accomplish that strategy. Otherwise, the impact on the outcome of the project intervention is only short-term, may be counterproductive by raising and then failing to meet expectations, and is not very cost-effective.

2. Interventions which directly address the broad, root causes of poverty have a greater impact on the outcome than those which address narrower or more secondary issues. For example, microcredit loans, improvements to water supply, or improvement of cattle breeding stock help beneficiaries to generate more income or household food production and thus meet a range of needs. However, such interventions as the provision of a specific type of medical service, while helping a wide range of people, are too narrow in their scope to address the other causes of poverty of the individuals which they assist. All such interventions are more effective if done in an integrated way in certain targeted geographical areas and populations.

3. Poverty interventions in rural areas can be very effective, as they are in clearly defined communities, have leaders closer to the people and generally more responsive to their needs, and have more potential for community mobilisation than larger population areas. This makes it easier to identify target beneficiaries, obtain accountability for achievement of results, and multiply the impact of inputs through the voluntary contributions of community members. Rural areas also contain a much higher concentration of target beneficiaries (poor people) as a proportion of population than the cities, enhancing the efficiency of interventions. In cities, targeting institutions which provide services to specific vulnerable social groups, if they exist, is an appropriate way of using resources cost-effectively to alleviate poverty and raise living standards among these specific groups. However, such interventions do not have a broad impact on poverty alleviation of the general city population in need, and miss other, non-institutionalised people.

4. To enhance the impact of microcredit projects on their target clients in terms of achieving the outcome of poverty alleviation, adequate training in business planning, management and development should be provided to clients, based on needs assessments.

5. Small grants projects need to include a clear strategy for the continuation of activities to develop the institutional capacity of CBOs once they have been mobilised, and identify sources of funding and other resources which can help to support their poverty alleviation initiatives. This is important in order to ensure that community mobilisation activities are long-term rather than fleeting phenomena. Local government and the private sector need to be sensitised and lobbied in order that they can become long-term partners for community-based development initiatives.

6. Business advisory services, if targeted at individual entrepreneurs and small enterprises, are generally not sustainable unless subsidisation of these services can be obtained by other means such as providing services for larger enterprises with greater ability to pay and/or developing other revenue streams.
6.2 Best practice

Among the three UNDP projects, the evaluators would like to draw attention to a number of examples of best practice which assisted in the achievement of the outcome.

1. The Small Grants Committee project consideration process, which involved the participation of representatives of NGOs and the Akimat, was an excellent example for promoting transparency and openness in the consideration of funding for community organisations. Providing the chance for CBOs and NGOs to personally defend their project proposals helped to build the capacity of these people in project preparation skills, by allowed them to clearly understand the strengths and weaknesses of their proposals.

2. The Microcredit for Women Project demonstrated strong best practice in customer relations. Credit Specialists maintained close contact with clients, and regularly visited them personally at their place of business. Credit Specialists were very friendly and helpful to their clients, which generated a sense of loyalty and trust which would be valuable for other such organisations to emulate.

3. The Business Advisory Centre Project showed best practice in staff training. Comprehensive training was provided to staff both through the provision of on-site training by an expert from another Business Centre and through providing opportunities for staff to attend training in specialised areas relevant to their field of work. Unfortunately, because of staff changes many of the benefits of this training were lost, which was something unforeseen by UNDP Management.
7 ANNEXES

7.1 Terms of Reference for the evaluation

Terms of Reference
Evaluation of the Semipalatinsk Programme

2 June 2004

Background

The Semipalatinsk nuclear testing site inherited by Kazakhstan from the former Soviet Union was shut down in 1991. Nevertheless, the socio-economic consequences as well as health and environmental implications on people’s lives remain a matter of serious concern for the government and people of Kazakhstan. In November 1998 the UN General Assembly, recognizing the problems of the Semipalatinsk region, declared it a zone of heightened attention and appealed to donor countries for assistance.

Upon request from the Government of Kazakhstan, UNDP created an open Trust Fund for the Semipalatinsk Relief and Rehabilitation Programme. The Government of Japan was the first donor, contributing USD 1.1 million to the Trust Fund in April 2001. This funding was provided to support the following projects through UNDP in the Semipalatinsk Region:

- **Extension of Small Grants to Non-Government Organizations (NGOs) and Community Based Organizations (CBOs) in Semipalatinsk region (KAZ/01/Q04/FF/99)**

  The main objective of this project is to alleviate social suffering of vulnerable groups within the population in Semipalatinsk region. This goal is to be achieved through providing local people with opportunities to articulate their needs, start their own sustainable development initiatives and enhance their implementation capacities. Establishing networks of NGOs/CBOs is to facilitate an enabling environment for further strengthening of the civil society in the region. Partnership between the local government and NGOs/CBOs are sought to enhance social assistance to vulnerable groups within the population.

- **Expanded Micro Credit Support for Women in Semipalatinsk Region (KAZ/01/Q05/FF/99)**

  This project is the second phase of the UNDP micro-lending initiative started in the region in 1998. It contributes to economic rehabilitation by providing access to micro-credit sources for local people, especially women and rural residents. For overall welfare purposes as well as entrepreneurship development, its biggest mission is to render economic, social, moral and other forms of support to the people of the Semipalatinsk region. The project’s goal is to assist individual entrepreneurship development, strengthen the social status of its clients and promote a feeling of security and self-confidence among them.

- **Business Skills and Support Training for Small Businesses in Semipalatinsk Region (KAZ/01/Q03/FF/99)**

  The project on Business Skills and Support Training to Small Businesses aims to provide informational and advisory support to both existing and potential entrepreneurs of the Semipalatinsk region on business-related matters.

The UNDP Semipalatinsk Programme is planned for completion by December 2004 and should undergo an evaluation before that time. During the implementation phase, regular monitoring has been undertaken and the projects have been implemented accordingly. In order to better understand the changing needs of the
Semipalatinsk region as well as the impact of donor support to the region, the evaluation should focus on the expected project outcomes.

Objectives

The main objective of the evaluation is to assess the extent to which the programme outcome of alleviating poverty and raising living standards has been achieved among targeted groups in the Semipalatinsk region (women, small-scale entrepreneurs and rural people) through income generation, job creation, and empowerment.

The evaluation should seek to identify major findings and recommendations related to:

- Whether or not planned project outcomes have been achieved or, if not, how much progress has been made towards their achievement.
- Whether underlying factors beyond UNDP’s control influenced those outcomes either positively or negatively.
- Whether project outputs and other interventions can be credibly linked to the achievement of the project outcomes.
- Whether the project partnership strategies has been appropriate and effective in terms of building local capacity, expanding collaboration, promoting advocacy, raising awareness and mobilizing resources.
- What lessons can be learned from these projects and what best practices, if any, can be identified.

The main partners to be involved in the evaluation are the Japanese Embassy in Kazakhstan, UNDP Regional Bureau for Europe and the Commonwealth of Independent States (RBEC), Ministry of Economy and Budget planning and other relevant ministries, local Akimats and local NGOs and CBOs.

Methodology

The evaluation will be based on a review of relevant background material on socio-economic development in Semipalatinsk, project documents, progress and monitoring reports as well as other relevant documents of the project. The evaluation should combine literature review, field visits, and discussions with stakeholders and meetings with key partners and beneficiaries as well as UNDP, the Japanese Embassy and other relevant donors.

In addition, the evaluation will include a sociological survey to understand if and how the results of the Programme have affected the lives of people. The survey will consist of focus groups, in-depth interviews and questionnaires targeting the beneficiaries of the projects along with a proportion of people in the target groups who were not covered by the projects (in total approximately 300-400 persons based on a representative sample). Cases for interviews will cover different geographical locations in the Semipalatinsk region and will be balanced according to gender, age, backgrounds, type of services received, etc.

Deliverables

This evaluation will produce the following four deliverables:

1. A sociological survey including raw data with analysis and interpretation. This survey will be conducted by a qualified consulting firm, research institute or NGO based on terms of reference to be developed by the Evaluation Focal Team and a detailed concept developed in consultation with the external evaluators.

2. A confidential evaluation report for UNDP, the Government of Kazakhstan and the Embassy of Japan. Following the activity plan, the external evaluator should provide a proposed report structure to UNDP prior to the start of field work. The report should be prepared in English. The Evaluation Focal Team
will ensure that report is translated into Russian and Kazakh. The report should provide the results of the evaluation in an interesting and easy to read way. It should take into account the opinions/voices of people from the Semipalatinsk region, government representatives, donors and associated NGOs. It should also take into account (and further analyze if necessary) the findings of the sociological survey. Further, the report should include recommendations on how to enhance the impact of future donor assistance to the region, identify possible areas of UNDP involvement, and highlight best practices and lessons learned. The external evaluators will prepare and present an English language draft of the report to UNDP and its partners in Almaty and finalize the draft report based on any comments received.

3. A published version of the report suitable for wide-spread distribution both within Kazakhstan and beyond. This version will be based on the main evaluation report but will (a) be oriented toward a more general audience and (b) exclude issues of a confidential nature. The purpose of this published document is to raise awareness about the situation in Semipalatinsk and to promote development models that have proven to be the most effective. The external evaluators will draft the report as well. Translation into Russian and Kazakh, final editing, layout, publishing and distribution will be the responsibility of the Evaluation Focal Team.

4. Viable project proposal(s) for further donor support to the Semipalatinsk region. For the development of future projects in Semipalatinsk region the external evaluators will develop, based on the evaluation results, one of the of the following two options:

- A set of project concept papers (minimum three, 1-2 pages each) summarizing critical problems and appropriate forms of donor support to help address those problems; or

- A detailed project concept paper in the form UNDP’s simplified project document (5-10 pages plus annexes) if a suitable project is identified together with a potential donor. Such a project document would spell out not only problems to be addressed but activities, outputs, objectives, implementation arrangements, budgets, funding arrangements, etc.

Implementation Arrangements

UNDP Kazakhstan will form an internal Evaluation Focal Team (EFT) to oversee this evaluation. The EFT will include members of the UNDP Poverty Reduction Team, the Semipalatinsk Programme Manager, and a focal point from the UNDP Implementation Team.

Two external evaluators will be hired to conduct the evaluation and report back to UNDP:

1. An international consultant, preferably Russian speaking, who will be the Team Leader. The person should have experience in leading evaluations and report preparation as well as knowledge of human development issues. Working experience in Kazakhstan is a great asset.

2. A local consultant with experience working with international development projects and the NGO community in Kazakhstan. If the international consultant does not speak Russian, the local consultant will also need to be fluent in English.

Areas of expertise needed by the evaluators together include the following:

- poverty reduction, community-based development and micro-lending
- rural and human development
- results-based management
- capacity building
- monitoring and evaluation

A local research agency will be hired to undertake the sociological survey under the guidance of the EFT. The report of the survey will be available to the external evaluators before their filed work in Kazakhstan begins.
The EFT will prepare relevant background documents such as statistics obtained from local akimats for the different rayons of the Semipalatinsk region. Some data is also available with the Ministry of Economy and Budget Planning and Ministry of Labour and Social Protection. The EFT is further responsible for substantive and logistical arrangements, such as hiring the evaluators and the research agency, ensuring a participatory evaluation process, contacting partners, commenting on the evaluation draft report, and organizing meetings and field trips.

A field visit to the Semipalatinsk region will be undertaken by the external evaluators (organized by EFT). However, due to time constraints, the external evaluators will only be able to visit selected locations. These locations will be agreed between the EFT and external evaluators. During the field visit, the Japanese Embassy will be invited to join as an opportunity to meet with beneficiaries and see the results of the Programme, including participation in focal group discussions and site visits.

The first draft of the evaluation report is to be submitted to UNDP in English. It will be presented at a plenary meeting organized for project stakeholders in Almaty to discuss the findings of the evaluation. The draft report will be further discussed with the EFT before the end of the field work of the external evaluators in Kazakhstan. The external evaluators should incorporate changes to the report and suggestions as appropriate.

The international consultant will also provide a first set of ideas for future projects. The EFT will discuss this and choose what to be developed (see deliverables).

**Background Materials**

The following background materials should be taken into account:

- Country Cooperation Framework (CCF) 2000-04
- Country Office Strategic Results Framework (SRF) 2000-03
- UNDP Monitoring and Evaluation Manual
- Project Documents and materials prepared and/or published by the Programme
- Annual project reports, mission/monitoring reports
- Background materials on the socio-economic development in Semipalatinsk
7.2 Acknowledgements

The evaluators wish to thank the UNDP Kazakhstan Evaluation Focal Team (EFT) for their invaluable assistance in organising and coordinating this programme outcome evaluation. The EFT consisted of:

- Svetlana Islamova, Development Centre Coordinator/Poverty Reduction Team Chief
- Malin Berggren, Programme Officer, Poverty Reduction Team
- Selima Salamova, Programme Assistant, Poverty Reduction Team
- Raushan Musina, Semipalatinsk Programme Manager
- Gaukhar Zhorabekova, Senior Assistant, Development Centre Coordination
- Dastan Mussabek, Finance Assistant

The evaluators would also like to thank the three project managers Serik Soltanov, Larisa Yeryomina, and Zhumagul Khairlybaeva for their excellent assistance in organising interviews with all relevant persons.
### 7.3 List of interviewees

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation, group</th>
<th>Location (village/township, city)</th>
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<tbody>
<tr>
<td><strong>UNDP</strong></td>
<td></td>
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<tr>
<td>Fikret Akcura, UN Coordinator</td>
<td>Resident Representative UNDP Kazakhstan</td>
<td></td>
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<tr>
<td>Gordon Johnson, Deputy Resident Representative UNDP Kazakhstan</td>
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<tr>
<td>Selima Salamova, UNDP Poverty Unit and Focal Point for the Semipalatinsk Programme</td>
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<tr>
<td>Raushan Musina, Semipalatinsk Programme Manager</td>
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<tr>
<td>Nikolay Slabzhanin, United Nations Volunteers Programme</td>
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<tr>
<td><strong>Small Grants Project</strong></td>
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<td></td>
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<tr>
<td>Project Manager: Serik Soltanov</td>
<td></td>
<td></td>
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<tr>
<td>Project Staff: Meruert Mukhamadiieva (Project Assistant), Anuar Galiev (Volunteer)</td>
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<td></td>
</tr>
<tr>
<td>Mamilya Nosharbayeva, Leader; Nurlan Zhakparov, Group member</td>
<td>Akniet Initiative Group</td>
<td>Egindybulak township, Karaganda Oblast</td>
</tr>
<tr>
<td>Serik Iskakovitch</td>
<td>Akimat Specialist for Social Issues</td>
<td>Egindybulak township, Karaganda Oblast</td>
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<tr>
<td>Did not record name</td>
<td>Akim of Egindybulak township</td>
<td>Egindybulak township, Karaganda Oblast</td>
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<tr>
<td>Yerzhan Onalbayev, Leader; second member of group</td>
<td>Senim Initiative Group</td>
<td>Karaterek village, Maisky rayon, Pavlodar Oblast</td>
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<td>Karaterek village, Maisky rayon, Pavlodar Oblast</td>
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<tr>
<td>Aiman Suleimenova, Leader; three other group members</td>
<td>Bodene Initiative Group</td>
<td>Abraly village, Abralinsky rayon</td>
</tr>
<tr>
<td>Omirzhan Zhakupov, Leader</td>
<td>Birlestik Initiative Group</td>
<td>Tanat village, Abralinsky rayon</td>
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<tr>
<td>Bolat Karibayev, leader; Toktamysh School Director</td>
<td>Dulyga Initiative Group</td>
<td>Toktamysh village, Abai Rayon</td>
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<tr>
<td>Group members</td>
<td>Balapan Initiative Group</td>
<td>Karaul village, Abai rayon</td>
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<tr>
<td>Bolat Turysbaev</td>
<td>Zengi Baba Initiative Group</td>
<td>Abraly village</td>
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<tr>
<td>Yerkebulan</td>
<td>Akim of Abraly village</td>
<td>Abraly village</td>
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<tr>
<td>Nurlan Khakimov, Leader</td>
<td>Reanimatsiya Initiative Group, Emergency Aid Hospital</td>
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<tr>
<td>Akhan Yerikhanov, Leader; Yermek (disabled apprentice of sewing workshop)</td>
<td>Semipalatinsk Network Society of Disabled</td>
<td>Semipalatinsk</td>
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<tr>
<td><strong>NGO Group Discussion</strong></td>
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<tr>
<td>Saule Baituganova</td>
<td>Peace and Harmony Council</td>
<td>Semipalatinsk</td>
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<tr>
<td>Svetlana Kosareva</td>
<td>Association of Business Women</td>
<td>Semipalatinsk</td>
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<tr>
<td>Tatyana Lukina</td>
<td>Association of Family Doctors</td>
<td>Semipalatinsk</td>
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<tr>
<td>Zhanna Prashkevich</td>
<td>Decenta, NGO Support Center</td>
<td>Pavlodar</td>
</tr>
<tr>
<td>Nina Dmitropavlenko</td>
<td>Nadezhda Public Foundation</td>
<td>Kurchatov</td>
</tr>
</tbody>
</table>
### Business Advisory Centre Project
Project Manager: Larisa Yeryomina
Project Staff: Business Consultants Kairat Sabyrov, Zhanna Orazalina, Askar Assainov; Project Assistant Asset Zhaksybek

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation, group</th>
<th>Location (village/township, city)</th>
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</thead>
<tbody>
<tr>
<td>Rafael Khazipov, Managing Director</td>
<td>SemeiSpetsAvtoBaza Co. Ltd, vehicle renting services</td>
<td>Semipalatinsk</td>
</tr>
<tr>
<td>Sergey Shabalin, Managing Director</td>
<td>Ao Bang Co. Ltd, construction materials production, premises’ renting</td>
<td>Semipalatinsk</td>
</tr>
<tr>
<td>Yanut, Leader</td>
<td>Orphans initiative group (grantee)</td>
<td>Semipalatinsk</td>
</tr>
<tr>
<td>President of the Association</td>
<td>KazAgroPromMarketing, KazRuno- Association of sheep breeders</td>
<td>Semipalatinsk</td>
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</tbody>
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### Unemployed Focus Group (total 5 participants)

### Entrepreneurs Focus Group (total 12-15 participants)

### Micro Credit for Women Project
Project Manager: Zhumagul Khairlybaeva

<table>
<thead>
<tr>
<th>Name</th>
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<th>Location (village/township, city)</th>
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<tbody>
<tr>
<td>Murat</td>
<td>Market trader, group borrower</td>
<td>Semipalatinsk</td>
</tr>
<tr>
<td>Names not recorded (2-3 members of group)</td>
<td>21st Century Group</td>
<td>Semipalatinsk</td>
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<tr>
<td>Names not recorded (5 members)</td>
<td>Sadik Group</td>
<td>Semipalatinsk</td>
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<tr>
<td>Galiya</td>
<td>Market trader, former group borrower</td>
<td>Semipalatinsk</td>
</tr>
<tr>
<td>Zhanar</td>
<td>Cafe owner, individual borrower</td>
<td>Semipalatinsk</td>
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<tr>
<td>Meiram</td>
<td>Meat seller, individual borrower</td>
<td>Semipalatinsk</td>
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### Focus Group with Group Borrowers
Groups: Yuzhnaya, Ruslan, Tasai

### Donor Agencies

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation, group</th>
<th>Location (village/township, city)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jiro Iida, ODA Advisor</td>
<td>Japan International Cooperation Agency (JICA)</td>
<td>Astana office</td>
</tr>
<tr>
<td>Yukari Aosa, Third Secretary</td>
<td>Embassy of Japan</td>
<td>Almaty</td>
</tr>
<tr>
<td>Marat Aitmagambetov, Country Director</td>
<td>Counterpart Kazakhstan</td>
<td>Almaty</td>
</tr>
<tr>
<td>Aslan Tanekenov, Programme Coordinator</td>
<td>Counterpart Central Asia</td>
<td>Almaty</td>
</tr>
<tr>
<td>Gaukhar Serikbayeva, Project Management Specialist</td>
<td>USAID, Office of Enterprise and Finance</td>
<td>Regional Office, Almaty</td>
</tr>
<tr>
<td>Ulrich Rainer, Project Manager</td>
<td>European Union, Delegation of the European Commission in Kazakhstan</td>
<td>Almaty</td>
</tr>
<tr>
<td>Yelena Levchenko, Programme Officer, European Initiative for Democracy and Human Rights (EIDHR)</td>
<td>EU/TACIS</td>
<td>Almaty</td>
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<tr>
<td>Name</td>
<td>Organisation, group</td>
<td>Location (village/township, city)</td>
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<tr>
<td>Aigerim Dauletbaeva</td>
<td>Small Enterprise Development Fund</td>
<td>Almaty</td>
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<td>Roza Ibragimova, Communications Director</td>
<td>Kazakhstan Loan Fund</td>
<td>Almaty</td>
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<td>Sandugash Bakisheva, Branch Office Director</td>
<td>Asian Credit Fund</td>
<td>Semipalatinsk</td>
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<tr>
<td>Natalya Solovyova, Bank Coordinator</td>
<td>EBRD Kazakhstan Small Business Programme</td>
<td>Almaty</td>
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<tr>
<td>Arman Tumebayev, Senior Loan Advisor</td>
<td>EBRD Kazakhstan Small Business Programme</td>
<td>Semipalatinsk</td>
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<tr>
<td>Yerbol Baltabai, Director</td>
<td>Zhashar Business Incubator</td>
<td>Semipalatinsk</td>
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<tr>
<td>Gulmira Beketova</td>
<td>IRIS, Civil Society Support Centre</td>
<td>Semipalatinsk</td>
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<tr>
<td>Zhanabek Akhmetov, Head of Department</td>
<td>Semipalatinsk City SME and Trade Committee</td>
<td>Semipalatinsk</td>
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<tr>
<td>Zhanna Zhybayeva, Head of Department</td>
<td>External Relations Department, Semipalatinsk City Akimat</td>
<td>Semipalatinsk</td>
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<tr>
<td>Valeriy Karavayev, Head</td>
<td>Semipalatinsk Statistics Agency</td>
<td>Semipalatinsk</td>
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<tr>
<td>Amantai Dagalakov, Head of Department</td>
<td>Department of Agriculture, Semipalatinsk City Akimat</td>
<td>Semipalatinsk</td>
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<tr>
<td>Nurlan Rakhimgaliev</td>
<td>Tax Committee</td>
<td>Semipalatinsk</td>
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<tr>
<td>Aibike Masalimova, Head of Department</td>
<td>Employment Centre</td>
<td>Semipalatinsk</td>
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<tr>
<td>Tamara Tsopoleva</td>
<td>Chamber of Commerce</td>
<td>Semipalatinsk</td>
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</tbody>
</table>
7.4 List of Semipalatinsk Programme personnel

1. Tursyngazy Mussapirbekov, National Director of Programme / Deputy Akim of Semipalatinsk City
2. Raushan Musina, Programme Manager
3. Sofia Shelekhova, Assistant
4. Mendygali Otarov, Driver

Small Grants Project

1. Serik Soltanov, Manager
2. Dmitry Shyutz, Assistant
3. Zhazira Ospanova, Assistant
4. Meruert Mukhamadiyeva, Volunteer
5. Anuar Galiyev, Volunteer
6. Aidar Samayev, PR Specialist

Business Skills and Support Training Project

1. Larisa Yeryomina, Manager
2. Kairat Sabyrov, Business Consultant
3. Zhanna Orazalina, Business Consultant
4. Askar Assainov, Business Consultant
5. Asset Zhaksybek, Business Consultant
6. Khimadiyar Askar, Business Consultant

Micro-Credit Project

1. Zhumagul Khairlybayeva, Manager
2. Balgaisha Assyrbekova, Chief Accountant
3. Victorya Tukanova, Economist
4. Valentina Kusheleva, Accountant
5. Liliya Rymanova, Credit Specialist
6. Anara Karazhanova, Credit Specialist
7. Alfiya Valliulina, Credit Specialist
8. Gulmira Serimova, Credit Specialist
9. Gulnara Uvliyeva, Credit Specialist
10. Murat Tertikbayev, Credit Specialist
11. Marina Moskalenko, Credit Specialist
12. Ardak Khussainov, Credit Specialist
13. Erzhan Mussin, Credit Specialist
14. Dalida Davliyatshina, Lawyer
15. Gulnara Turlybekova, Secretary
16. Olga Chebotareva, Cashier
17. Samigulla Vassiliyev, Driver
18. Victor Barabanschikov, Driver
19. Rinat Nassyrov, Guard
20. Valentin Krassilnikov, Guard
21. Larissa Kernos, Technical Support